

No. 10325

United States
Circuit Court of Appeals
For the Ninth Circuit.

H. HARRY MEYERS,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

Transcript of Record
In Four Volumes
VOLUME II
Pages 495 to 994

Upon Appeal from the District Court of the United States
for the Western District of Washington,
Southern Division

FILED

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PAUL P. O'BRIEN,
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LLOYD SANBORN,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Sager:

I live in Seattle. I bought leases from the Peoples Gas and Oil Company, I think, in 1935. I then lived at 1668 W. Florida Street, Seattle. I bought from Mr. Markowitz. I received plaintiff's exhibit 79, October 12, 1934, from Sam Markowitz through the mail.

Plaintiff's exhibit 79 admitted in evidence. I paid \$125 cash for the lease.

Later I bought further leases from J. F. Simons. I was called into the office by Mr. Markowitz. Simons said he wanted to let me in on something good. He said they were letting a few in on it—to buy more than the regular allotment. I was at that time working at a boathouse in Seattle. Simons wanted to know how much cash I had to invest. I had my postal savings with me and I showed it to him. It was \$400. Then I signed up to take 40 acres more of leases. I paid the \$400 cash and the rest on time. Mr. Sam Markowitz went with me to get the money from the postal savings. I paid about \$1200 or \$1250 altogether for leases.

Cross Examination

By Mr. Johnson:

I turned some of the leases back to the company. I made Mr. Simons promise when I agreed to buy them that in case I needed the money he would ad-

(Testimony of Lloyd Sanborn.)

vance me some money on the leases—that is what he did. He loaned me \$200 on them. [213]

I heard about Dr. Meyers at the meetings. I met him in the office one day, but never talked with him.

Redirect Examination

By Mr. Sager:

Broome in the meetings, when Meyers, Markowitz or Simons were present, said Dr. Meyers was financing the project. That he was a financier from California. That is all.

Re-cross Examination

By Mr. Johnson:

I bought the first lease before I attended any of the meetings because I thought it was an opportunity to share in an oil well, and I guess that is the reason I bought the other leases. In a certain sense I knew it was a speculation and they said the only way they could tell whether there was oil was when the drill got through the basalt and they said they were very sure of striking oil, of course. I was about thirty years of age at that time.

Re-redirect Examination

By Mr. Sager:

The statements regarding Dr. Meyers naturally influenced my buying further leases. I took for granted it would be safe with a man with that much money behind him; but I had not heard of Dr. Meyers when I bought my first lease. [214]

MARGARET MILLER,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Sager:

I live at 7700—20th S.W. and Holgate, Seattle. I am 80 years old. My husband died 8 years ago. I bought leases from the Peoples Gas and Oil Company. I do not remember the time, but it was some years after my husband died. I bought several times for about \$1100.00. A salesman named Kruger took me to see Sam Markowitz.

Mr. Markowitz said, "You are making a good deal. We will have oil pretty soon. You can buy as many leases as you want". I think at first you could only buy an acre. I said I had no more money, but he replied that Kruger had told him that I had lots of bonds. I said, "I have to have them to live on. My husband is dead and I have to live". He replied, "You will make more money in oil, so you had better turn them in". I had \$500.00 in bonds of the Athletic Club, which paid \$16.25 interest every six months. I thought maybe it would be better, so I turned the bonds over to him. I also had about \$300.00 in the Peoples Bank, and a small amount in the Postal Savings which I turned over to him. I had a few hundred in the Textile Tower, but Markowitz said he didn't want them because there was no money in them. I also had \$300.00 in bonds of the Benjamin Franklin Hotel, and I gave them to him and some other cash

(Testimony of Margaret Miller.)

money, not very much, because I got sick and had to go to the hospital.

Markowitz said that it was so good that I would make money and they were going to take me to the well, but they always had an excuse when I wanted to go and they never took me. I was told that there was a little oil in the well already, together with some sand and water. He said Meyers had enough money to keep the well going. I said, "What do you need more for," and he said "We have to have money at the end." He was always so nice to me and said it was nice [215] of me to pay my bills.

Mr. Markowitz said that Dr. Meyers was just the whole thing. He had all the money. He came from California, I believe, at least that is what he told me. He also said Mr. Meyers built the Golden Gate Bridge, and was supposed to have lots of money in the Seattle bank. I thought they must be rich fellows.

Plaintiff's exhibit 80 is what I got from the Peoples Gas and Oil Company for the bonds. The pass book and the money I turned over to Mr. Markowitz. I was supposed to have more than that. They said I did not pay up.

Plaintiff's Exhibit 80 admitted in evidence.

Mr. Sager: There are four certificates for forty shares each of Peoples Gas & Oil Development Company, issued to Margaret Miller and all dated September 7, 1937.

I went to some public meetings. Broome was there. Simons spoke once. I heard Dr. Meyers

(Testimony of Margaret Miller.)

speak once, but I do not hear well and only heard a word here and there. Meyers was there when Broome spoke. They showed all kinds of pictures like the well drilling and oil burning on top of the ground, and like that. Broome said they had plenty of gas to burn, but none to sell yet.

Cross Examination

By Mr. Johnson:

I only saw Mr. Meyers once, but Mr. Markowitz told me so much about him, he was such a good money man and everything. Meyers never asked me to buy leases. I never talked with him. He was on the stage.

Q. As a matter of fact, didn't they always tell you on the stage, that the only way they would know there was oil [216] there was when the drill got down to the oil?

A. Well, they were down so far and they said they had oil and they had gas.

Q. Oh, they said they had gas and oil?

A. Yes.

Q. Did they say that many times?

A. Oh, every time I went to the office; and they had gas and oil standing out in the hall; in them great big round things that they take out.

I did not turn in all my yellow papers for stock. I had seven or eight papers. It was \$1100.00.

Q. Mrs. Miller, when you count that \$1100.00 you figure the amount of the bonds that you gave him, don't you, like the Benjamin Franklin Hotel.

(Testimony of Margaret Miller.)

Those bonds were not of very much value at that time.

A. Oh, is that so? They were just as good as you can get, I tell you right now.

Q. I don't mean that. Do you know what the market value of those bonds were?

A. The market was all right. If I would have kept them I would have got my full money. I got as much interest as any other.

Q. Do you know what you could have sold them for at that time?

A. Didn't have to sell them if I didn't want to.

Q. I understand that. But have you any idea what you would have got for them if you had sold them on the market?

A. Well, I wouldn't have sold them.

Q. Now, as a matter of fact, Mrs. Miller, you thought when you bought these, here is an opportunity to make some money in oil, didn't you? [217]

A. Yes.

Q. And you bought mining stock and that sort of thing before, hadn't you? A. Yes.

Q. Quite a little bit of it, you and your husband?

A. Yes, I spent over \$2000 on gold mine stocks.

Q. And you put your money in here in the same way as you did in the gold mines and coal mines stock?

A. Oh, out of one I got something. I sold them again.

Q. But you had the same idea here that you had when you bought the mining stock, didn't you?

(Testimony of Margaret Miller.)

A. Yes.

Q. That you were going to see what the mines brought or what the oil well brought, and maybe you would make a little money, is that your idea?

A. Yes, that is what I figured on.

Q. So actually, the idea you had in mind at the time you bought these leases was that if they found oil that you would be pretty well off?

A. Well, that is what they always said, "Well, we will make you rich, Mrs. Miller; make you rich".

Q. They told you it was a gamble and a speculation?

A. If they wouldn't preached that I wouldn't have bought any more.

Q. Didn't they tell you it was a gamble and a speculation?

A. No, they didn't say that.

Q. And hadn't that been your experience in the mining stock?

A. No, not exactly. [218]

RUFUS FAIRBANKS,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live at 1023 4th Avenue, S. E., Puyallup. I bought several leases of the Peoples' Gas and Oil Company during 1935 on monthly installments.

I have seen the papers of Government's Exhibit 81 before. They came to me through the mail in

(Testimony of Rufus Fairbanks.)

connection with my purchases, at the address where I was living, probably about December 5, or December 6, 1935.

Plaintiff's exhibit 81 admitted in evidence, basing count 1 of the Indictment.

PLAINTIFF'S EXHIBIT No. 81

[Envelope]

[Return Address]

After 3 days, return to
Peoples Gas & Oil Co.,
Fourth Floor,
4th & Pike Building,
Seattle, Washington.

[Stamped]: Seattle, Wash. Dec 4 7 PM 1935
Terminal Sta.

Mr. Rufus Fairbanks
1023-4th Ave. S. E.
Puyallup, Wash.

[Letterhead]

[Pencil notation]: (1)
Peoples Gas and Oil Co.
of Washington
December 4, 1935

Mr. Rufus Fairbanks
1023-4th Ave. S. E.
Puyallup, Wash.

Dear Mr. Fairbanks:

We acknowledge with thanks receipt of your contract for a gas and oil lease, and are enclosing herewith your signed copy.

(Testimony of Rufus Fairbanks.)

The terms of this contract have been arranged to meet your convenience. Reminders will be mailed to you in ample time advising when your payments will be due. You may make payments to our nearest office or mail direct to our Executive Offices, whichever you prefer.

It is a great pleasure and source of satisfaction to have you become one of our leaseowners, and we wish to make an earnest plea for your active support and cooperation.

We wish to assure you that a personal visit from you to any of our offices is always welcome, and take this opportunity to thank you for this item of business in the hope that this speculation will prove of mutual benefit.

Very sincerely yours,

"For Oil in Washington,"

PEOPLES GAS AND OIL COMPANY,

J. F. SIMONS

J. F. Simons, President.

JFS/RM

Copy

Contract to Sell and Assign Oil and Gas Lease
This Agreement made and entered into this 23rd day of November, 1935, by and between Peoples Gas & Oil Company, a Washington corporation, as party of the first part, hereinafter called the "seller," and Mr.
~~Mrs.~~ Rufus Fairbanks as party of the second part,
~~Miss~~
hereinafter called the "purchaser,"

(Testimony of Rufus Fairbanks.)

[In margin]: #24157

Witnesseth:

That the seller agrees to sell to the purchaser and the purchaser agrees to purchase of the seller an assignment of all of its right title and interest in and to a portion of that one certain oil and gas lease which covers, in addition to said portion, certain other lands, and the assignment shall apply to and affect only the following described tract of land: NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 33, T. 16 N., R. 24 E.W.M., containing two and one-half (2 $\frac{1}{2}$) acres, more or less, situate in Grant County, State of Washington.

The agreed purchase price is the sum of \$62.50 of which the sum of \$5.00 has this day been paid, the receipt whereof is hereby acknowledged, and the purchaser covenants and agrees to pay the balance Without Interest, as follows: in equal monthly/~~semi-monthly~~ installments of \$5.00 each, the first installment being due on the 9th day of December, 1935, and the further installments shall be due on the corresponding day of each and every succeeding month/~~semi-month~~ until full payment is made.

Upon receipt of said payments at the time and in the manner agreed, the seller will deliver to the purchaser, his heirs or assigns, a good and sufficient assignment of said One (1) two and one-half acre lease...

This agreement is made upon condition that the purchaser will take said assignment subject to all of the terms, conditions and covenants of the under-

(Testimony of Rufus Fairbanks.)

lying lease to the same extent and in the same manner as if the provisions of the said lease were fully set forth herein. The seller warrants that this lease is subject to a landowner's royalty of ($\frac{1}{8}$) one-eighth or ($12\frac{1}{2}\%$) twelve and one-half per cent, and that the purchaser acquires a ($\frac{7}{8}$) seven-eighth or ($87\frac{1}{2}\%$) eighty-seven and one-half per cent interest in all of the gas and oil rights under this specific lease.

Upon fulfillment of all of the terms and conditions hereof, the purchaser shall, upon payment of an additional sum of Five Dollars as a fee for the execution of the necessary instruments and the recording of said lease assignment, become the sole and exclusive owner.

Time is the essence of this agreement and should default be made by the purchaser in the payment of any installments as herein provided then at the option of the seller, the entire unpaid balance shall become immediately due and payable and the purchaser shall pay to the seller all costs of collection and all reasonable attorney's fees that may be incurred or, at the option of the seller, the purchaser shall forfeit all rights to acquire the said lease assignment and all payments made on this contract shall be retained by the seller in full satisfaction and liquidation of all damages by the seller sustained and all rights which the purchaser may have acquired shall revert and the purchaser shall be divested of all rights hereunder.

The seller shall not be responsible or liable for

(Testimony of Rufus Fairbanks.)

any inducement, promise, representation, agreement or stipulation not set forth herein, and no agent or representative of seller shall, or does have any authority whatsoever to change or modify in any manner, any of the clauses or provisions set forth in this printed form of contract, which sets forth all of the agreements of the parties hereto.

This contract is not binding upon the seller until accepted by one of its officers.

In Witness Whereof these presents are executed on the date first above written.

[Seal]

PEOPLES GAS & OIL COMPANY,

By WALTER JOHNSON
Representative.

Peoples Gas & Oil Company.

Accepted, this 4th day of December, 1935

By J. F. SIMONS
President.

Purchaser Rufus Fairbanks

Home Address 1023-4th Avenue South East

City Puyallup State Washington

Business Address 757 Fawcett

City Tacoma State Washington

Telephone

Will Pay: ~~By Mail~~.....at Office.....

[Signed]: R. FAIRBANKS

20% Must Accompany This Application

[Cut] All checks must be made payable to the
Peoples Gas & Oil Company

Form 4004

(Testimony of Rufus Fairbanks.)

[Printer's Note]: Blank forms on reverse of sheet not reproduced.]

[Endorsed]: Filed Oct. 19, 1942.

Cross Examination

By Mr. Johnson:

I bought my first lease before going to any public meetings. I bought in all about 12½ acres. I do not remember exactly. [219]

CARL A. CARLSON,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am construction engineer for the Bureau of Prisons at the United States Penitentiary, Terra Haute, Indiana. In 1925 I was general foreman at the McNeil Island Penitentiary and lived at Steilacoom City. I bought two leases from the Peoples Gas and Oil Company in 1935. I paid in instalments. I had not previously attended any public meetings, but did attend the first time the same week I bought. I first heard Broome speak. Later I heard Meyers.

I have seen government's exhibit 82 before. I

(Testimony of Carl A. Carlson.)

received it through the mails in connection with my purchase of leases soon after I bought the first.

Plaintiff's exhibit 82 admitted in evidence. (Basing Count 2 of the Indictment.)

PLAINTIFF'S EXHIBIT No. 82

[Pencil Notation]: 7-D-1 (2)

[Letterhead]

Peoples Gas and Oil Co.
of Washington
July 17th 1936

Mr. Carl A. Carlson

Box 251

Steilacoom, Wash.

Dear Mr. Carlson: Re: 2 Contracts

We acknowledge with thanks the balance due on your contract to purchase five (5) acres of oil and gas leasehold.

We have been advised by the Peoples Gas and Oil Development Company that you have assigned your lease to them under their "community plan" of development.

Upon receipt of the \$5.00 fee referred to in Paragraph 6 of your contract with us, we shall proceed immediately to make up all of the papers necessary to substantiate the ownership of your rights, and this information will then be recorded in the permanent records of the Peoples Gas and Oil Development Company, who are our agents. You will

(Testimony of Carl A. Carlson.)

shortly thereafter receive direct from them full and sufficient evidence of your right of ownership.

We again thank you for this very pleasant business association, and sincerely trust that your speculation in the purchase of leases on Frenchman Hills may prove to be profitable.

Please be assured that if we are able to be of any service to you in the future, we shall be only too happy to have you call on us.

Very sincerely yours,

PEOPLES GAS AND OIL COMPANY,

J. F. SIMONS

J. F. Simons,

President.

I believe I saw defendant Meyers' in January, 1936. Broome introduced him as a financier and had previously said that. Meyers said he would lose much more than we if he did not strike anything.

Cross Examination

By Mr. Simon:

I bought these leases and paid about \$175.00. We were told at every one of these meetings that nobody knew for sure what was under Frenchman Hills structure, but the profits also were always emphasized. More weight was put on the profits than on the possibilities.

(Testimony of Carl A. Carlson.)

Defendant's A-35 sounds like a speech defendant Meyers made at the meeting when I heard him.

[220]

Defendant's Exhibit A-35 for identification, being a speech made by defendant Meyers, was duly admitted in evidence.

DEFENDANT'S EXHIBIT No. A-35

DOCTOR MEYERS, (Speaking)

This is a real audience. Mr. Broome, Ladies and Gentlemen, I don't have to tell you that I am very happy to be here tonight. I am always happy when I find the opportunity to meet with the many, many friends of P. G. & O. undertaking. Tonight it gives me particular pleasure because I can frankly say that there have been few occasions in my life when I have witnessed a more friendly and spontaneous greeting. It is just such enthusiasm as you have demonstrated tonight that makes many things possible of accomplishment which would otherwise be very difficult if not altogether impossible.

Bill Broome has very ably covered the Frenchman Hills project. Now, with your kind indulgence, I would like to say a few words concerning another subject which is also very close to my heart, and one which I consider of vital importance to the future development of this great state. I refer, of course, to the matter of a low level tunnel through the Cascades. (Applause)

The development of man has accomplished and

(Testimony of Carl A. Carlson.)

has kept pace with the development of means of travel and communication. As long as man was limited to his immediate surroundings and environment, it was impossible for him to progress. The Roman highways carried Roman culture and progress through all the world which was then accessible, supplementing the highways with the canals that made it still easier for man to move his products and to travel from place to place.

In our day, subway tunnels have taken a very large part of the work all over the world. The need of these essential improvements in modern transportation has asserted itself, and men of ingenuity, courage, and vision have arisen to meet this need.

It has been aptly said that growth is change, without change there is stagnation and death. There is no standing still in life. The minute we stop going ahead we begin slipping back. This is true of individuals and also of peoples, of states and nations.

I go to New York several times a year, but I never can go there without being thrilled with the magnificent subway system, the superb Brooklyn and Washington bridges, and that phenomenon of engineering skill and science, the Harlem tunnel stretched beneath the waters of the Hudson River, and providing a perfect link between New York City and Jersey. These glorious accomplishments are not merely a tribute to engineering skill and science, to men who can see things done, but to my way of thinking, a large share of credit goes to men who

(Testimony of Carl A. Carlson.)

risked their lives, working under unbelievable hardships and ever-present danger in their actual construction.

In the neighboring California we have the Inter-Bay bridge over the waters of San Francisco Bay, reaching from San Francisco to Oakland, and nearing completion is the marvelous Golden Gate bridge, achievements that for many years men thought impossible, but there they are, and that of course is the answer. In other words, what men can conceive, they can always do.

The State of Washington is peculiar among all states in the Union in that it stands as a State divided by a vast natural barrier. Besides being a very costly economic handicap because of the business which is being diverted to adjoining states and to Canada, the Cascades have cost many lives, and it was only by an act of Providence that only recently several hundreds of men, women and children were not added to the human toll. So the natural question arises, what are we going to do about it? Are we going to sit still and say what of it? Not if I know the people of Washington. I am satisfied in my own mind that the spirit of the people of Washington, the same spirit which you have evidenced here in this hall tonight is not surpassed anywhere in the Union or anywhere in the world. That spirit I am certain will be the force that will ultimately result in a tunnel through the Cascades.

I have given a great deal of thought and concen-

(Testimony of Carl A. Carlson.)

tration to a tunnel which will do away with the mountainous area between Eastern and Western Washington, a man-made pass thirty-one miles long, eclipsing by two and a half times the world's largest existing tunnel. It is estimated that such a tunnel will cost in the neighborhood of fifty million dollars, which may seem like a lot of money, but I regard it as a prime investment because of the large returns which reasonably can be expected, also as a vitally essential economic measure justifying any cost.

The tunnel will create a tremendous payroll over a period of about seven years, as labor will receive approximately 50% of the entire cost. Thousands of men would be employed, vast quantities of Washington material would be utilized, and the building of the tunnel in itself will go a long way towards relieving the acute unemployment situation that has for several years baffled the best minds of the country.

I repeat what I stated in a recent article in *Peoples Progress*. It is my opinion that every true American wants only the right and opportunity to work and to create and protect his loved ones. The Cascade tunnel must be built and with the moral support and the legislative support of the people of Washington, it will be built.

I could go on almost indefinitely stating facts and figures, but the imperative need of the Cascade tunnel is so very obvious that I will not undertake to go into the phases of that matter, and all I will say is this: What other states have done, Washing-

(Testimony of Carl A. Carlson.)

ton can and will do. It is up to the people themselves to decide whether they are to stand still or to go forward.

Knowing what your answer is, I ask that you communicate by letter with your state representative and let him know that you are for the building of a low level tunnel through the Cascade mountains, and that you expect him as your representative to do everything he possibly can in favor of proper legislative measures to make such a project possible.

I am personally extremely well pleased with the wonderful thoughtfulness, good will and confidence so evident among the thousands of people all over the State who comprise the families of interest holders in the development venture of Frenchman Hills.

I am sure that my friend Bill Broome is quite willing to be the center of every storm of criticism and lies, because it merely gives him a better opportunity to do his full part to justify the faith and confidence we have all placed in him. (Applause)

Knowing Bill Broome as I do, I am confident that he regards difficulties as opportunities, because he is a big man in more ways than one, and he has already proved the stuff out of which he is made.

People have come to me and have asked, Dr. Meyers, are you still interested in the Donnie Boy operations in Frenchman Hills? My answer is very plain. I consider any man who has speculated the amount of money which I have, and who now

(Testimony of Carl A. Carlson.)

holds a 12½% in the entire operations is very much interested in it. And I am asking you, won't you say so? Despite the size of my financial interest in the Donnie Boy project, I am in exactly the same position as you are. You realize, of course, that the only way either you or I can hope to realize any return is through commercial production. I join all of you with the earnest hope that success will be ours, although we all have common sense enough to know that we must await the final verdict of the drill
(claim).

At this time I am glad of the opportunity to repeat the promise that I have made before. Mark you this. Every single dollar which may accrue to me as my share over and above the actual money that I have speculated I shall gladly donate it to worthy charities in the State of Washington. (Applause) And if they are making typewritten notes in the audience, put that down twice. (Applause)

The pleasure and satisfaction which would come to me through such an act would be greater, I assure you, than any possible material gain.

The job is in the hands of Bill Broome and his very able assistants. It is quite evident that Bill is deeply conscious of and grateful for the high regard in which we all hold him. He has been doing his work with the utmost honesty and with splendid spirit of enthusiasm and efficiency, and we know that each day's work represents the utmost and best of which he is capable.

(Testimony of Carl A. Carlson.)

In speaking of Bill's able assistants, I want to call your attention to the loyal cooperation he has had from George D. Hogan and the full staff on Frenchman Hills. These men have done and are doing their level best day in and day out, night in and night out, regardless of the weather, the elements or any other hardships, and I know that to be a fact.

It has been said, and well said, that a man is known by the kind of men with whom he surrounds himself, and I consider that Bill Broome's appointment of Ward Blodgett as technical director of this job was a most wise and commendable move. You are assured of the best of men, the best of machinery and the best of equipment, the best of technical advice and I am satisfied that this combination is strong enough, capable enough, courageous enough, to conquer any obstacle that nature has placed in their way.

If there is oil or gas in commercial quantities beneath Frenchman Hills, we shall witness in Washington a brighter economic future, we shall experience in Washington a new kind of peace, a new kind of security, we shall enjoy in Washington a new and greater prosperity. I thank you. (Applause)

[Endorsed]: Filed Oct. 19, 1942.

I did not hear Mr. Meyers speak until six months after I had bought my first lease.

(Testimony of Carl A. Carlson.)

Redirect Examination

By Mr. Hile:

At these meetings I attended some of the defendants were always present. Broome would say: "Now, if you can't afford to buy any of this you better keep your money in your pocket. But if you can, you would be foolish not to buy." And that was always emphasized. "We propose to punch that hill full of as many holes as the money will allow to absolutely prove it up." That is one thing that was always brought out. [221]

MARY E. DAUGHERTY,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live at Seattle. I am a widow. I bought leases from the Peoples Gas and Oil Company about August, 1935. I bought on monthly payments and did not pay up on full for the last.

I had not attended any meetings before making the first purchase, but a saleswoman had told us all about the set-up. Then I went to a meeting and attended a number of them in Seattle. I heard Broome speak most of the time. I did not hear Meyers long speech, but I heard him say a few words. Broome would slap him on the back and say, "This is my wonderful partner and I never

(Testimony of Mary E. Daugherty.)

could have gotten it through without him. He has financed us all the way and he has plenty of money to see that we get eight wells proven, whether they are dry or come in and then after that one in every forty acres. And he will finance us all the way through, and when I go down to buy the implements I know I can have all the money I need to bring the well in."

Meyers just said he was not prepared to make a speech, but was glad to see the people there, etc.

At a number of the meetings I attended, Broome spoke, and Meyers was present, but did not speak. He sat on the stage or in the back of the room. The two Markowitz brothers and the two Simons brothers were there.

Mr. Broome said at the meetings where Mr. Simons and Mr. Markowitz were present, time and again, that Meyers was going to dig the wells to China if necessary. That he [222] had a fine set-up, better than anything he had seen, and similar to the one in Tampico, Mexico, where they had drilled basalt and found a wonderful well. It was a better set-up because of the way the land lay with the river and mountains and the surroundings made it a place to catch oil.

Broome said that Meyers had helped to build the Golden Gate Bridge, and he spoke also of the Cascade Tunnel. Once in Broome's office I saw a vial of oil on his desk. I asked if it was from the well, and he replied, "Well, wouldn't you like to know."

(Testimony of Mary E. Daugherty.)

Broome said in November of 1935, "We will have oil by Christmas, so put off buying your presents and you will have more to buy with." He had no oil at Christmas, and in February he said he expected oil for Lincoln's Birthday, but we didn't have it then.

Broome said there was a "race between Simons and me as to whether he will get in the money first, or we get oil first."

Broome said Meyers was a wonderful partner who could be depended on for finances. I relied on those statements.

Cross Examination

By Mr. Johnson:

I bought 2½ acres before attending any meetings and the rest after I had attended meetings. I bought more than 5 leases but I only paid for 5. I saw Mr. Meyers every time I was at the meetings, but it just so happens that I was either in Portland or sick when Meyers spoke, so never heard any of his speeches. I never heard Meyers make a regular speech, but I saw him at the meetings many times. I heard him say a word or two sometimes. [223]

Q. Now at these meetings that you went to, Mrs. Daugherty, you were always told, weren't you, that this was a speculation and a gamble?

A. After he had told us: "This is a wonderful project", and everything about it was so wonderful.

Q. Yes, but he told you that, didn't he?

A. Yes, he told us that. But he said, "You

(Testimony of Mary E. Daugherty.)

ought to have your head examined" if you didn't purchase.

Q. He told you if you couldn't afford it you shouldn't buy any leases?

A. Oh, yes, he told us that, but he didn't mean it.

Q. He also told you, didn't he, what was underneath this basalt over there, until the drill had punctured it, and then you would know whether they had oil or not?

A. Yes, he told us that; but he told us about this well down in Mexico that went through basalt and had the most wonderful well there was.

Neither Broome nor Meyers sold me any leases, but they were back of it all. I did not hear about four deep wells and four shallow wells, it was always deep wells, eight of them until it was proven that the ground was no good. They were going to drill Donny Boy first and if it did not prove the field they were going to drill eight more. [224]

MRS. DORA WINSOR,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live at Seattle. I am a widow. I bought about 12½ acres of leases from the Peoples Gas and Oil Company on the installment plan and paid \$135.00. Then I stopped paying. I did not attend any meet-

(Testimony of Mrs. Dora Winsor.)

ings before I purchased my leases, but did attend meetings after the purchase of the leases.

I first attended a meeting in July or August of 1935 and thereafter quite frequently. Broome was there and Meyers a number of times, but he hardly ever spoke. He apologized for not being a good speaker. I did hear him say that what he wanted out of the proposition was the money he had in and the profits he would donate to charity. Broome always gave us a good speech on Meyers. He said Meyers was a very wealthy man and was financing the proposition. They were going to put down eight holes if necessary to prove the field.

About himself, Broome said he was an engineer and geologist and experienced in oil. Prior to Christmas, 1935, he told us not to be in a hurry to do our Christmas shopping because he was pretty sure things would turn out our way and we would have money to do with.

I was asked to convert my leases into stock, but did not do it. I believed the statements I heard or I would not have purchased the leases.

Cross Examination

By Mr. Johnson:

I bought three leases, one 2½ acres and two fives.

[225]

They said they were going to drill 8 holes. I do not think there was anything said about shallow wells. They were going to drill one after Donny Boy first. I think they were all arrested before

(Testimony of Mrs. Dora Winsor.)

Donny Boy was finished. They did not say where the money for the leases was going. We often wondered about that. The thing I was interested in was to have the wells drilled. That was the first proposition of that kind I was in in my life.

Q. That is right. And as a matter of fact at each of these meetings they told you that this was purely a speculation and a gamble, did they not?

A. Yes, they wanted to know if we would take a chance, of course.

Q. And didn't they tell you if you could not afford to buy these leases you should not put your money into them?

A. Yes, and if we didn't we better have our heads examined.

Q. Yes; but they did say on every one of these occasions that they could not tell whether there was oil there, or gas there, until the drill had gone through the basalt; and the drill was the thing that would tell the story?

A. Well, they didn't always say that. They gave us the impression they were right at it all times; they would get it the next day or the next twenty-four hours.

Q. They never told you at any time that they would have it within the next twenty-four hours, did they?

A. Well, they expected it every day.

Q. Yes, that is always the hope in the oil business, that you are going to strike it, isn't it?

A. Yes, especially if they are selling stock.

(Testimony of Mrs. Dora Winsor.)

Q. And in buying those leases you relied upon the fact that if the drill did go through and find oil that you would then make some money? [226]

A. Maybe.

Q. And if it didn't go through and find oil, or if it did go through and did not find oil, then you would lose what you had put into it?

A. Yes, of course, if they didn't find any oil. [227]

FLORENCE B. FOLEY,

A witness called on behalf of plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am a widow. I live in Spokane, Washington and did so in 1934, 1935 and 1936. I bought 2½ acres lease of the Peoples Gas and Oil Company late in 1935 and paid \$62.00 I went to one meeting before purchasing and attended them thereafter. I heard Broome and Meyers speak. Broome introduced Meyers at a meeting early in 1936.

Mr. Broome said in his introduction of Dr. Meyers, "You ladies and you widows that are working so hard for your money, don't need to be afraid. This is the backer of our Company, Mr. Meyers, and rather than see you lose he could pay every one of you back your money". Mr. Broome said that while it is a gamble, that is not going to be

(Testimony of Florence B. Foley.)

involved. Mr. Broome said, "Isn't that right Doctor", and Meyers replied, "Certainly, that is right, I am back of the project". Dr. Meyers didn't say a great deal, but he led us to understand that he was financially back of the whole project and said they were going to drill and drill clear through the earth's strata, if necessary, and if they didn't get it in one well they would try eight at the very least.

Meyers said he had had a geologist up from California to test the field and he knew positively there must be oil there, and Broome said that Meyers was one of the big financiers for the building of the Golden Gate Bridge, and also that he was financing some tunnel somewhere. I remember seeing Meyers twice at meetings in Spokane. He spoke a few words each time. Markowitz and Simons were at [228] these meetings also. They mentioned it was a gamble, but went on to say what a wonderful project it was, and that there was positively no chance of losing out on it. I relied on those statements. At some of these meetings I heard Broome say that Meyers was a multi-millionaire.

Cross Examination

By Mr. Johnson:

Meyers was present when Broome said he was a multi-millionaire. He was there at the meeting. I do not know whether he heard it, but I think a normal person could have heard it. Meyers never

(Testimony of Florence B. Foley.)

acknowledged such a statement in my presence, but he did not deny it either.

Q. Now, you say that you thought there was no chance of losing. Is that what you thought when you bought these leases? A. Absolutely.

Q. Then why do you suppose anything was said to you about the fact that this was purely a speculation and a gamble, and if you couldn't afford to buy you shouldn't buy?

A. Well, they said that just as a matter of form, and go right on saying what a wonderful project it was and——

Q. (Interrupting): And they said——

Mr. Hile: Let her finish, please.

A. The backing they had, they could not possibly fail.

They were sincere when they said no one could tell what was underneath the basalt until it was pierced by the drill.

Broome said "We had backers that are going to let us drill clear through to China if we have to before we get oil". If they did not find it by going to China they would continue and drill at least eight wells. They were going to drill one well after the other and not at the same time. [229]

Q. There was great crowds, and they were not just all widows at these meetings? Mr. Broome said that if you widows would get your money back—Mr. Meyers would see that you would get your money back? Is that what was said?"

(Testimony of Florence B. Foley.)

A. Yes, sir. He said he was financially able to back the company so we would be taking no chances of losing our money.

Q. But did anybody ever say that Mr. Meyers was going to reimburse you for what you paid?

A. Not personally.

Q. Did anyone ever say that he was going to reimburse anybody?

A. Mr. Broome said he could.

Q. Did he say he was going to or did Mr. Meyers ever say he was going to?

A. No, he said he could reimburse every leaseholder; he was financially able. [230]

GEORGE H. DOANE,

A witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am a micropaleontologist and my place of business for five years has been Long Beach, California, previously I was at Los Angeles.

I was never contacted by any representative of the Peoples Gas and Oil Company with respect to serving on any geological advisory committee.

I saw government's exhibit 21 first at the previous trial. I never performed any service whatever for any of these companies. The only defendant I had seen prior to this time was William A.

(Testimony of George H. Doane.)

Broome about 1933. He never mentioned any of these companies.

Later I learned my name was being used and I sent a registered letter, I think return receipt, to Mr. Broome regarding it. Government's exhibit 83 includes a copy of my letter and return receipt and his reply.

Plaintiff's exhibit 83 thereupon admitted in evidence.

PLAINTIFF'S EXHIBIT No. 83

August 2, 1935.

Mr. William A. Broome, President
Peoples Gas & Oil Development Company
410 Fourth & Pike Building
Seattle, Washington

Dear Broome:

Upon your going to Seattle a few years ago I gave you a letter saying I would be glad to serve on an advisory geologic committee of your company. According to our conversation at that time this letter was for the purpose of showing your backers that you had competent geological advise available when it was needed. I further told you that my name was not to be used in any way in the promotion or sale of stock or leases to the public.

It has recently been called to my attention that my name has been used in your prospectus and other literature as well as from the platform by you and your associates in trying to sell your leases to the public. You are hereby instructed to cease

(Testimony of George H. Doane.)

using my name in any of your printed material or public lectures or in any other manner in selling your leases or stock to the public.

I consider it a gross injustice to myself to have used my name in this manner and a misrepresentation to your buyers to state that you have been or are being advised in any way by me. You know as well as I that I have never given you any advice or written any opinions for you or your company on the Frenchman Hills area where your company's well is now drilling and I demand that the use of my name in such a manner stop at once.

Very truly yours,

GEORGE H. DOANE

GHD/c

[Letterhead]

Peoples Gas and Oil Development Co.

of Washington

August 6, 1935.

Mr. George H. Doane

101 South Kenmore Avenue

Los Angeles, California

My dear Mr. Doane:

Your registered letter of August 2nd received. Permit me to assure you that your name has never been used as having given us a report or anything of a similar nature since the Peoples Gas & Oil Company commenced their campaign for the sale of leases, neither has it been used in such capacity from the platform. I am fully aware of the fact

(Testimony of George H. Doane.)

that you have never written or given any advice or opinion on either their Company or on Frenchman Hills.

Your name was used in an item of advertising matter, as one of several Paleontologists and Geologists available to us in an advisory capacity when such occasion arose as would make it necessary. After hearing from my good friend Ward B. Blodgett some few weeks ago, relative to that advertising matter I notified him that the Peoples Gas & Oil Company had advised me that they would discontinue that particular item of literature. Since that time the use of all names has been discontinued.

I might add that in statements made in public, I have personally stated that when the need arose for the services of a Paleontologist, I had received the acceptance of yourself to act in that capacity and have also added that I would rather have your services in that capacity than any other man in your profession.

Personally, I do not believe that any references have been made which could possibly have done you anything but good, and I should be chagrined had any actions of mine caused you any embarrassment of any nature whatsoever.

You have my assurance that the use of your name has been discontinued from any and all advertising matter, but I hasten to assure you that I still wish

(Testimony of George H. Doane.)

to avail myself of the use of your services whenever the need arises for a Paleontologist.

With kindest personal regards,

Yours very truly,

WILLIAM A. BROOME

William A. Broome,

President Peoples Gas & Oil
Development Co.

WAB:led

[Endorsed]: Filed Oct. 19, 1942.

[Printer's Note: Return Card Receipt for Registered Mail attached here is not reproduced.]

I had been contacted by Mr. Broome with reference to serving on a Geological committee. No name of any company had been mentioned. I had advised him that my name was not to be used in any promotion of any kind.

Cross Examination

By Mr. Simon:

I have a particular specialty in the field of petroleum engineering; that is to examine sedimentary deposits to determine by microscopic study whether the [231] little animalcules are of the type that produce oil. Much of that is done on the surface from surface outcrops where there are some sedimentary exposures.

Defendant's A-36 is a letter I wrote to Mr.

(Testimony of George H. Doane.)

Broome on March 29, 1934, at his request when he told me he had a group of backers, including Mr. Meyers and he wanted it to show that there was a competent geological opinion available to him. I knew that Broome intended to show the letter to his backers, including the defendant Meyers.

DEFENDANT'S EXHIBIT A-36

George H. Doane

Geologist

1709 West Eighth Street

Los Angeles

March 29, 1934.

Mr. W. A. Broome,
1126 Pacific National Bank Building,
9th & Hill Sts.,
Los Angeles, Calif.

Dear Sir:

Referring to your request that I serve on an advisory geological committee as a geologist and paleontologist to consider the properties which you and your associates have under lease at the present time or are considering leasing in the state of Washington.

I shall be very glad to serve on this committee in the capacity as outlined in our recent conference. My acceptance to serve on this committee is based upon the fact that from my present general knowledge of the geology of the state of Washington I feel there are many areas in that state which

(Testimony of George H. Doane.)

are worthy of prospecting for oil and gas and I welcome the opportunity to assist in the development and exploration of these areas through a strong and legitimate enterprise.

Very truly yours,

GEORGE H. DOANE

GHD/c

[Endorsed]: Filed Oct. 19, 1942.

Re-Direct Examination

By Mr. Hile:

Paleontologists are employed to some extent to examine fields before drilling. I never saw Frenchman Hills and never talked with defendant Meyers about such matters.

My services are available for any legitimate enterprise and I told Broome in a conversation that I would have nothing to do with any promotional stock selling enterprise. [232]

FRANK J. KRUGER,

A witness on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live at Steilacoom Lake near Tacoma. I bought 60 acres of leases from M. P. Christensen in 1934

(Testimony of Frank J. Kruger.)

or 1935 on the installment plan. I attended some meetings and had heard various speakers. I saw Mr. Meyers two or three times. He was introduced on the platform, but I do not know of any speeches he made. He was introduced as one who was financing the drilling operations of the Peoples Gas and Oil Development Company and as builder of the Golden Gate Bridge. I do not believe that anything was said as to his financial standing or worth at the public meetings.

About three months later I purchased more acreage from Jimmie Simons. He said he was the only one that could sell more than 20 acres to one individual and only after the individual had been thoroughly investigated. He said he would ascertain how much good I would do the company and if I was the right kind of person he would let me know. I told him I had bought for about \$1000 and would like to double that.

He said the money derived from selling leases was not going for the drilling, that the project was amply financed, that Meyers was the man who financed the drilling. As a result I bought more leases for about \$3500.00. I talked with Meyers several times. He told me once he had to drill that well; he had a lot of money invested and probably would have to invest a lot more. [233]

Q. Did you ever talk to either Mr. Simons or Mr. Markowitz about Mr. Meyers' connection with the company, other than you have already indicated?

(Testimony of Frank J. Kruger.)

A. Well, they told me a lot of things about Mr. Meyers.

Q. What did they tell you about him.

A. Well, Mr. Meyers was a lucky guiding star; that a project of this nature couldn't lose with Mr. Meyers at the head of it. Mr. Meyers was a wealthy man and he was willing to put his own capital into the thing, into the drilling and testing of Frenchman Hills, and probably a good part of his fortune would go into that hill before he would be through drilling, and that he would drill not one hole, two holes, three holes, but a dozen holes if necessary to definitely prove that there was no oil in Frenchman Hills. That Dr. Meyers derived his name of "Doctor" from some medicine that he was the holder of, and that he had made a fortune two or three times and given them away; and that this was another fortune to be made probably ten times over from what he had ever made before.

Q. Do you recall anything further that they told you?

A. Yes. When they got this development done the Cascadian tunnel would be next; he was very busy working on that trying to get that through; and that the development that he was going to push through for the state of Washington, he says, would have no end, what he was going to do with the money that came out of Frenchman Hills.

Simons told me during the early part of the program they had paid a lump sum to Meyers for all the leases.

(Testimony of Frank J. Kruger.)

I became a member of the Board of Directors of the Peoples Gas and Oil Development Company at the request [234] of Simons and Markowitz. They said I was a substantial stock holder, a leading spirit and would be a good influence for the Peoples Gas and Oil Company. They said they were going to turn the leases into a stock company because leases were too hard to handle in changing ownership. There was never a general stock holders meeting held while I was a member of the board. The principal stock holders of the Peoples Gas and Oil Development Company were the principals in the Peoples Gas and Oil Company.

There was a meeting of the development company board on October 16, 1936 as shown by the minutes in Government's exhibit 13. The whole board was present and Markowitz and Simons. Meyers was called in for consultation. The proposal was made through Markowitz and Simons to turn the drilling operations over from the Peoples Drillers to the development company. They said Dr. Meyers was an old man and to safeguard the development company and the investors the company should take over the drilling program and Meyers would sit in the background to carry on if the program failed. The program was for the Peoples Gas and Oil Company to turn over to the development company the uncollected lease contracts and for the development company to take over the drilling operations from the Peoples Drillers. The Peoples Drillers as far as I know was Broome and Meyers. Peoples

(Testimony of Frank J. Kruger.)

Drillers was to turn over the drilling equipment to the Development Company, but if the Development Company failed to carry on the program the equipment would go back to the drillers.

There was some doubt whether the money (from the leases contracted) could be collected and the board [235] asked for assurance that the drilling would go on if the money was not collected. Dr. Meyers said he felt himself wholly responsible to carry on in such event and therefore the equipment then would have to go back to Meyers and his associates, so that he could carry on.

The Board accepted that assurance. The Board requested Dr. Meyers, Markowitz and Simons to become members of the board, but they declined.

I recall a meeting when Simons and Markowitz proposed the participation program. The Development Company was unable to meet the payrolls, collections on the accounts went from bad to worse until there was not enough to meet the office expense. We did not talk with defendant Meyers about it. We inquired for him, but were unable to find him. We called upon Simons and Markowitz several times and they did advance some on one or two occasions in the nature of a loan.

Q. At that time do you recall what, if any, proposal was made to the Board of Directors in that connection?

Mr. Johnson: I object to that on the ground that it is incompetent, irrelevant and immaterial, and on the further ground that there is no showing that

(Testimony of Frank J. Kruger.)

the defendant Meyers was interested in participation in any manner.

The Court: Objection overruled. Exception allowed.

Mr. Johnson: Exception.

We demanded the specific sum of \$50,000.00 of Simons and Markowitz in order to pay the expenses of carrying on the program. They laughed at us and said, "We will advance the money if you will put the participation program through, but no money until that is put through. I think thereafter the application for a permit to sell participations was authorized by the Board of Directors.

[236]

Cross Examination

By Mr. Johnson:

Defendant Meyers was not a director of the Development Company after the contract between that company and the Peoples Gas and Oil Company in 1936. Thereafter he had nothing to do with anything that was done on behalf of the Development Company to my knowledge.

No request was made of the defendant, Meyers, to finish the well. I do not believe we knew where he was. The proposal was made in the form of defendant's Exhibit A-30. Exhibit A-30 was offered and duly admitted in evidence.

There was no offer ever made to return the equipment to the Peoples Drillers. There was no interruption in the drilling of the well up to the time of the appointment of the receiver.

(Testimony of Frank J. Kruger.)

Q. Did you or did the directors at any time make any demand upon the Peoples Drillers or upon Harry Meyers to continue drilling over there?

A. I believe they did. I don't know. I am not certain. There was a committee appointed to call upon the Peoples Gas & Oil Company and the Peoples Drillers, both.

Q. When was that?

A. Oh, that was probably in June or July.

Q. Of '37? A. I think so.

Q. And do you know whether or not they ever did make such a demand upon them?

A. I think they did.

Q. I say do you know that as a matter of fact?

A. I don't know it for a fact, no.

Meyers had nothing to do with the participations that I know of. The entire Board approved the new set-up. [237]

At the time that I bought my first leases I had not attended any meetings. Meyers never sold me any leases and never represented there was oil under the basalt, although he did state that he hoped there was oil. I knew that the question of finding oil was a speculation and that every oil operation is a speculation as to whether or not there is oil.

I borrowed about \$3500.00 from Simons with my lease contracts as collateral, and I did not repay it.

De-Rirect Examination

By Mr. Hile:

We asked Meyers to be a member of the Board so that he could give advice. He refused.

(Testimony of Frank J. Kruger.)

Christensen told me about Meyers before I bought leases.

Q. What did Mr. Christensen tell you about Dr. Meyers before you bought your leases?

A. Well, that Dr. Meyers and associates were putting up all the money for the drilling purposes, and the well was amply financed; that the drilling program would continue until it was definitely proven whether there was oil there or not.

Relative to the loan I obtained from Simons I asked him to sell part of my stock as I needed money at the time. He said, "Do not sell it." "The time isn't ripe". He said he would loan me the money and hold my stock as security and sell it for me so I would be in the clear. The understanding when I bought the second block of leases was that he would sell them at my request. [238]

E. W. JORGENSEN

A witness called on behalf of the plaintiff, after having been duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live in Spokane. I bought ten acres of leases of the Peoples Gas and Oil Company in 1935. In July, 1936, I was employed as editor of "Peoples Progress" and Vice-President of the Peoples Gas and Oil Development Company. I hesitated; Markowitz talked with me, and I finally accepted. Shortly

(Testimony of E. W. Jorgenson.)

thereafter I was made a director and continued until my resignation in 1937.

I was present when the proposal was made by Markowitz and Simons to turn over to the development company the uncollected contracts receivable and let the company do the drilling. The proposal was first made at a meeting in Dwight Hartman's office. I think that was on October 13, 1936. We had conversation as to how much could be collected on the contracts. There was a statement by somebody that all the accounts were delinquent as of October 15, but we did not worry about that because of the enthusiasm there was for the project. The total amount of collectible accounts was between \$500,000 and \$550,000. Whittle, I think, told me we could collect something like \$400,000. Broome estimated the cost of the well would be much under \$250,000.00. The Peoples Drillers were to have an option to take back the operations if the company fell down. I also went to Dr. Meyers and said, "Dr., you are not going to leave us on this are you?" He said in effect that he would stand by us. [239]

We suggested that Meyers be a member of the board, but Markowitz and Simons declined. Meyers was not in the meeting, but in an adjoining room. The proposal was accepted, by the Board.

The collections on the accounts fell off and I began to worry. I told Simons that the collections were gradually falling.

(Testimony of E. W. Jorgenson.)

Q. And what discussion did you have with him relative to that matter?

A. I told Mr. Simons to get ready to produce at least \$200,000.00 to finish the well.

Q. What did he say?

A. He told me to go to hell.

Q. And at any later time did you or any other members of the board of directors in your presence make any demand on any of the defendants to advance any money with respect to the company?

A. Yes, sir.

Q. Do you recall when that was?

A. We asked for \$50,000.00.

Q. Who did you ask?

A. Mr. Simons and Mr. Markowitz.

Q. And what did they tell you at that time?

A. Well, they laughed at us.

Q. Did they advance that money? A. No.

Q. Did they advance that sum? A. No.

They did advance some as a loan. I have no recollection as to the amount. They proposed a new deal. We discussed an application for a permit (to sell participations). [240]

Q. Did you have any conversation with the defendants with regard to that matter? A. Yes.

Q. With whom, sir?

A. With Markowitz and Simons. Yes, with Markowitz and Simons.

Q. What was that conversation?

A. Well, we wanted them to put up their money to carry on this drilling of Frenchman Hills, and

(Testimony of E. W. Jorgenson.)

we wanted them to leave us alone and let us operate properly.

Q. What did they say with reference to the permit? Anything?

A. Yes. They insisted on the permit.

Q. What did they say about the money in respect to the permit?

A. No permit, no money.

We finally voted favorably on the permit. The program was not ready. I did not think the geological reports or titles of the proposed new property to be leased were sufficient, but the permit was issued.

At the time of the Dickason suit there was a discussion regarding it in the office of one of the firms of attorneys. Markowitz, Simons, Broome, Dr. Meyers and others were present. A paper of several pages was brought in and it was a proposal for the state to throw the development company into a receivership. We all talked about it. I told one of the attorneys that I would not fall for that because it would be an admission that we had done wrong.

And then I was sitting on a table over in one corner and Dr. Meyers came over to me and took me by the lapel and said, "Jorgey," he says, "this thing has got to go. If you boys won't do it, I will. I will throw it into receivership," or words to that effect. [241]

The final result was that the meeting broke up. We said we would think it over during the night,

(Testimony of E. W. Jorgenson.)

and as I walked out of the room I picked up a copy of the document with the yellow pages and took it home. The next day Dwight Hartman called and asked to borrow it. I let him borrow it but he never returned it.

Cross Examination

By Mr. Simon:

I was editor of the "Peoples Progress" from July, 1936 until a few weeks before I severed my connection with the company in August, 1937, but I was not very happy about the situation. I had my name in the issue of April 30, 1937, but not in the issue of June 2. My name was out of it.

Exhibit A-34 is a copy of the story I wrote on Ralph Arnold's report which he O.K.'d after reading it very carefully. I let him read it and make corrections of his own. No changes were made after he O.K.'d it. I told him it was going to be published in "Progress".

An account of the tri-partite agreement of October 16, 1936, was printed in "Peoples Progress" and it said, "It is with pardonable pride that I give you below the following statement prepared by George V. Whittle, certified public accountant * * *". It states as resources available for conducting Frenchman Hills tests operations:

Contracts Receivable and cash . . .	\$584,319.34
Cost of Drilling to date	170,532.63
Camp and Drilling Equipment . .	95,366.12

Total	\$850,218.09
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(Testimony of E. W. Jorgenson.)

#Subject to contingent sales commissions
and expense of liquidation of contracts. [242]

Those were Whittle's figures. I believed them as they came from Mr. Whittle. He said something about wanting to acquire the contracts himself, and to finish the well. "I would say that he said that."

At that time we thought the proposition was a safety measure for the Development Company because Dr. Meyers was sick at the time and we had the realization that he wasn't tied down as it was.

It was sort of a three-way plan they proposed, and defendant's Exhibit A-35 is a letter to Dr. Meyers which I read and signed. I don't know whether Dwight Hartman wrote it or who wrote it.

Defendant's Exhibit A-40 is a letter written by Dwight Hartman or somebody, as part of the machinery of transfer arranged by the attorney. I signed that letter on behalf of the Development Company. Broome was not there.

Defendant's Exhibit A-41, a letter to the Peoples Drillers in the course of negotiations, I think was prepared for action by the Board that day. I signed the original.

Defendant's Exhibit A-42 is a letter from Dr. Meyers in the same connection.

Defendant's Exhibits A-43-44 are letters signed by me and addressed to the Peoples Gas and Oil Company appointing them as collectors, until further notice, of the payments on the contracts. These letters were not dictated by me, but were done under

(Testimony of E. W. Jorgenson.)

the direction of Dwight Hartman, our attorney who represented the Peoples Gas and Oil Development Company, after a discussion with the Board and me. We did not cease drilling, except for a fishing job, while I remained with the company. We never did request Meyers to take back the equipment and carry on. We had not reached that point. [243]

Defendant's Exhibit A-45, being correspondence and telegrams between Jorgenson and Blodgett, were admitted in evidence.

Defendant's Exhibit A-46, being a letter signed by Jorgenson and directed to Simons and Markowitz, requesting that they act as sales directors, was admitted.

I was, from the time that I was with the companies, perfectly convinced that it was a good project; that it was a good thing to do to drill down there.

Exhibit A-49, being a report on samples submitted by Jorgenson, was introduced and admitted.

Exhibit A-48, being letters signed by Jorgenson to Homer Bone concerning the project, was admitted.

In the summer of 1937 the financial condition of the company was not particularly good, and at that time the Board, of which I was a member, voted to increase my salary by \$200.00 a month, and Mr. Broome's salary by \$100.00 a month. The resolution for such increases appears on page 202 of Exhibit 13.

(Testimony of E. W. Jorgenson.)

My salary was increased because formerly my salary had been paid one-half by the Peoples Gas and Oil Company and one-half by the Peoples Gas and Oil Development Company, and Simons and Markowitz cut off my salary with the Peoples Gas and Oil Company and Broome said it was an attempt to get me out because I was back of him and his fight to finish the well.

From October 16, 1936, Meyers drew no compensation of any kind from the Development Company.

Redirect Examination

By Mr. Hile:

The proposal for the permit to sell participations was not initiated by the Board of Directors. It came from Simons [244] and Markowitz. The board at first refused the application. We had quite a battle over the whole thing. Mr. McEvers and I wrote a letter to the State asking that the permit be denied until certain corrections had been made. The letter is referred to in the minutes of August 27, 1937, Exhibit 13, Page 307, but the letter is not set out in the minutes as requested. I talked with Simons and Markowitz about it before I resigned. They called a meeting that afternoon and told me to stick around; something was going to happen. At the meeting I refused to withdraw my name from the letter and when I was told I would be asked to resign, I said I had already written my resignation.

I told them before I resigned I would like Mr. McEvers to come in because we felt we wanted to

(Testimony of E. W. Jorgenson.)

resign together. We had both signed letters to the License Department. Mr. McEvers told Gerbel that he would sign the resignation if he would accept the letter we had written and make it a part of the minutes of the Board. That terminated our association with the Development Company.

The whole program of the change-over was proposed by Mr. Markowitz and Mr. Simons. Dwight Hartman as attorney had been attorney for the company before the conversion from leases to stock.

I wrote defendant's Exhibit A-48 to Senator Bone at the request of Simons, because he said there was an attempt to stop the drilling project, which the people were entitled to. I had the advice of Ward Blodgett that drilling should be finished and considered it a duty to help the stoppage of the project, since Simons said there were people in Washington who were trying to stop it. I do not know who they were, but he wanted an introduction to Dr. Meyers so he could talk to the Securities Exchange Commission. What I said in the letter to the effect that Senator Bone [245] had previously met Meyers, was information given me by Broome and Harry Huse, Director of Licenses.

Recross Examination

By Mr. Simon:

I was over at the well as stated in Defendant's A-49 and saw the stuff, the color in the muck that was coming up. The drillers were excited about it, but were not telling anybody because they did not

(Testimony of E. W. Jorgenson.)

want to give any false impression. There was some graphite-like material coming out. Mr. Hogan brought a bucket full of it.

I went to Washington in February, 1936, at Simons' request in connection with a meeting they were going to have with officials of the Securities and Exchange Commission. Simons called me by long distance and said it was very urgent and if I did not go the project might be stopped. When I got there I met Markowitz, Simons and Doc Meyers. Markowitz explained that there was an effort on to stop the project through the Securities and Exchange Commission and he said that that would be unfair to the people that had invested so he asked me to go to the S.E.C. and also to talk with other people. I talked with Dave Karr of the Seattle S.E.C. about the well and what I had seen there, but I was not present at the conference between the defendants and other officials. [246]

PATRICK MICHAEL LONGAN,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live in Los Angeles. I was for thirty years in the oil business. I was at the Toteco well on the hacienda in Southern Mexico in 1920. I was in that

(Testimony of Patrick Michael Longan.)

field for eight years consecutively and was resident manager of the International Petroleum Company, a main corporation protocolized in Mexico. I was in charge of everything that was done by the company. That field was developed entirely by the International Petroleum Company. It is not a basalt field.

I knew McKim Hollins well for many years. He was employed by the company as a scout to follow the developments made by other companies and individuals so that we could keep in touch with all that was going on. He had no connection with the company before the well was brought in. He had nothing to do with the geology of the field. That had been done originally in about 1910 by a man named Hopkins when my principal became interested we put our own geologist, Edwin L. McKenna to work on it.

I never heard of the name of William A. Broome until I heard it in this court room.

I was manager of the company that brought in the discovered well in the Kettleman Hills field in California. We began working there in the spring of 1928, but had been looking over the field previously quite extensively. The development was carried on by [247] a subsidiary company of the Mexican Seaboard Oil Company, which held the International Petroleum Company and the Millheim Company of California. I was general manager. We drilled only one well before a well was brought in. McKim Hollins had nothing to do with the

(Testimony of Patrick Michael Longan.)

field to my knowledge. I am positive he had nothing to do with the geology. Mr. McKenna had the geology on that.

I never heard of William A. Broome. I never knew anything of McKim Hollins as a geologist either in Tampico or in the Kettleman Hills field.

Cross Examination

By Mr. Simon:

Up to the time of the discovered well my company was the only one operating in the Kettleman Hills, but there had previously been a number of holes attempted. It used to be said that twenty miles of holes had been drilled before we began. To my personal knowledge I don't know whether McKim Hollins made any amount of money from oil in Kettleman Hills. I knew him for twenty years. In Mexico we did have scouts employed to find out what our competitors were doing not only in drilling but in the acquisition of land. In this country the major companies have a gentlemen's agreement to keep each other informed. It is very easy to get details. Most of the small operators get help from the bigger fellows.

Redirect Examination

By Mr. Hile:

McKim Hollins never claimed to be a geologist during the twenty years I knew him. (Thereupon Mr. Hile read from Government's Exhibit 32.)

We never did measure the initial flow of the Tampico well. It produced a total of around twenty

(Testimony of Patrick Michael Longan.)

million barrels. We had to blow the gas head off after we got in [248] a pump it averaged slightly more than 40,000 barrels a day.

The initial well at Kettleman Hills yielded a combination of gas and oil of about 4500 barrels a day.

[249]

WILL F. MORRISH,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am President of the Metal Valley Lumber Company in California. In 1932 I was President of the Bank of *American*, national trust and savings association and in connection with my duties I came in contact with Mr. William Filmer, chairman of the board of the Golden Gate Bridge District. I had conferences with a group of men who expected to finance the District. They were the Bank of America, Weden & Company, Blythe & Company and Dean Witter Company, all recognized concerns. These conferences continued from about August, 1932 to March, 1933. As a result the Bank of America, of which I was President, agreed to purchase three million dollars of the bridge bonds and later we bought three million dollars more. We bought them for account of the bank.

I never heard of defendant Myers in connection

(Testimony of Will F. Morrish.)

with our conferences. I never heard his name until I testified at the former trial. I know of nothing whatever that he had to do with financing the bridge. I never saw him.

No Cross Examination. [250]

MALCOLM PROSSER,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am an official of the Bank of America Company. That is the Bank of America, national trust and savings association. It is the same company that Mr. Morrish was with. I was manager of the municipal bonding department of the Bank of America Company in 1932. The Bank of America Company was manager of the investment house group of three firms which purchased and distributed twenty-nine million dollars' worth of Golden Gate Bridge bonds. The firms were Blythe & Company, Weden & Company and Dean Witter Company. They were all recognized bond houses. We had dozens of conferences regarding the purchase of these bonds. We met ordinarily with the entire board of directors of the Golden Gate Bridge District. At other times we would meet with the finance committee. At no time at any of those conferences did defendant H. Harry Meyers appear. I did not know him at that

(Testimony of Malcolm Prosser.)

time. I never heard his name. I never heard of him in *connecting* with anything concerning the Golden Gate Bridge, the bonds of the Golden Gate Bridge, or any other connection of the bridge. I first heard his name in connection with this trial three years ago.

We negotiated for the purchase of the bonds, I would say, from July 1932 to August, 1936 and we financed them as they needed the money. Our underwriting syndicate took \$29,000,000.00. That was the balance of the issue after the Bank of America had taken \$6,000,000.00. In other words, the [251] total issue was \$35,000,000.00.

No Cross Examination. [252]

GEORGE H. HARLAN,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am an attorney at law and live at Sausalito across the Golden Gate Bridge north of San Francisco.

My first knowledge of the Golden Gate Bridge enterprise came in January, 1923 when a call went out by the Chamber of Commerce of Santa Rosa to municipal, county and district officers in that vicinity, asking them to attend a meeting at Santa Rosa where the building of a bridge across the Golden

(Testimony of George H. Harlan.)

Gate was proposed. It was an invitational meeting. It was private; but it was public in the sense that it was headed by public officials, but not by the public generally unless they were interested in the project.

The first thing discussed was whether or not it was feasible to build a bridge across the Golden Gate and secondly what was the most expeditious way of forming an organization to further the project. It was a long meeting. It was convened at ten o'clock in the morning. There was a morning and afternoon session and we had a very late banquet. I did not see the defendant Harry Meyers there. I did not know him at that time and had never heard of him.

As a result of the meeting an executive committee was created to forward the project. I was asked to cooperate with the committee as attorney to formulate the legal plans. One of the committeemen was Assemblyman Frank Koons of Napa County, who was in the legislature at that time. I was [253] assigned to recast the Act under which the Marin Municipal Water District had successfully operated and to make it available for use of the bridge district. I was to cooperate with Assemblyman Koons for that purpose. That was called the enabling act. I drew it principally. It was introduced in the Assembly. There were amendments and the differences of opinion were ironed out before the bill finally went to the Governor. There was lobbying in behalf of this enabling act. Mr. W. J. Hotchkiss

(Testimony of George H. Harlan.)

was Chairman of the Executive Committee of the Association and Thomas Allen Box was Chairman of the meeting which was held at Santa Rosa. The enabling act was known as the Koons Act.

Up to this time I had never heard of defendant Meyers and had never seen him.

The enabling act was passed by the Legislature of 1923. The bill provided first that petitions should be presented to the Board of Supervisors of each county and the Board of Supervisors would pass a resolution declaring the intention of the county to join the bridge district. After a resolution had been passed the petitions would be transmitted to the Secretary of the State of California and if in proper form he was authorized to call for protests and the Superior Court was then given jurisdiction to determine adequacy and act on the protests. The court would then file a judgment describing the boundaries of the District as it finally found them to be. Certified copies of the judgment would be filed with the Secretary of State, who was authorized to issue certificates of incorporation which would be recorded in each one of the counties affected. From that time the board of supervisors of each county was required to appoint one director to represent the county with the proviso that San Francisco would at all times have on the board a [254] representation equal to the representation of the other counties outside of the City and County of San Francisco, San Francisco had a

(Testimony of George H. Harlan.)

voice equal to all others and had as many directors as the other combined counties.

The opponents of the bridge availed themselves of the right to protest and there were hundreds of protests. Issues were framed as to whether or not the different properties should be included in the District. Extensive trials were held that would last perhaps a week or ten days in each county. The court determined whether or not a property owner would be included. I handled all of these suits.

These suits were financed by a little organization known as "Marvelous Marin" that had a lot of boosters who chipped in. I put in a little myself. We paid the reporter and I traveled around to the different places. I think we financed these suits about 1927. In every case of a suit there was an appeal to the California Supreme Court. I handled all of these appeals. Outside of briefs there was no finance required. I donated my time in all of these suits. These suits were concluded with respect to the state of California about 1928, but they went then to the Supreme Court of the United States. I handled the case in the Supreme Court. The court heard the other side and then they dismissed it for lack of substantial Federal question. I had to go to Washington. I financed that entirely. I think after the district was organized I was paid by the district.

I never heard of the defendant Meyers in connection with any of these law suits. I think I first

(Testimony of George H. Harlan.)

met him in 1929. He had no connection with a suit in the Supreme Court. That was in March, 1929. He had nothing [255] to do with any of these law suits and contributed no money for any of them.

Mr. Strauss played a very important part in these various proceedings. From the engineering standpoint he was the one man who maintained that the bridge could be built. He had some very serious disagreements with his brother engineers as to whether it could be built. He took part in the law-suits. He financed a lot of the expert witnesses. The suit in Napa County required expert witnesses from the east and he financed that entirely as far as I know. He never mentioned the defendant Meyers to me in that connection.

After the appeal to the Supreme Court had ended the Secretary of State issued a certificate of incorporation, I think on the 4th of December, 1928. The Board of Supervisors then had 30 days within which to appoint directors. The Secretary of State was empowered to call the first meeting of the Board of Directors and the board was organized in January, 1929. I was made attorney for the district and remained in that position until May, 1939.

The next step of importance was the selection of an engineer who was made an officer of the District by the enabling act. I drew the resolutions of the Board in blank and it was entirely within the province of the Board to select their own engineer. I had nothing to do in that matter. Joseph B. Strass was appointed on August 15, 1929. His compensation was fixed by contract on October 7, 1929.

(Testimony of George H. Harlan.)

After the engineer appointment the plans of the bridge had to be completed to the point where he could make a report to the Board from which the cost of [256] the bridge could be estimated. The first estimate was \$27,000,000.00 for the physical structure and \$35,000,000.00 was the amount of the bond issue for the reason that under the act interest during the construction and administrative cost during construction were to be paid out of the principal of the bond issue.

Relative to the bonds the first thing done was to have the bonds authorized by two-third vote of the people and that was incorporated in the Act itself. That was done in 1930. The election was held on the first Tuesday after the first Monday in November.

The directors had a great deal to do with the election. An elaborate report based upon the findings of Mr. Strauss was issued for the information of the voters of the district. There was, of course, a technical preparation of the bond election proceedings in order to make the bonds valid. I prepared the resolutions, but they were edited by the leading firm of municipal bond attorneys in California, who was paid for that service.

The directors maintained a publicity committee in connection with the bond election. There was a speaker's bureau. A great many people gave their time and went out and talked to civic groups and organizations and addressed meetings of farmers out in the country. I never heard of anything done

(Testimony of George H. Harlan.)

by the defendant Meyers in connection with the bond election. I never heard of any money coming from him. I never heard of him at all in connection with the bond issue.

The bond election was favorable. Thereafter, there was a great deal of work in preparing resolutions for the sale of the different blocks of bonds calling for bids, [257] attending finance committee meetings and determining how many bonds should be sold and the rate of interest. Defendant Meyers never appeared before any committees working on such matters.

I first met Meyers in February or April, 1929. He was introduced to me by Joseph B. Strauss. All I saw of Meyers in connection with the Golden Gate Bridge was that he was at the Palace Hotel where Mr. Strauss was, and he was apparently friendly with Mr. Strauss. What they were saying or what they were doing I did not pay much attention to.

As a result of the negotiations the Bank of America took \$6,000,000.00 worth of bonds and an underwriting syndicate \$29,000,000.00. Every time we sold a block of bonds there would have to be a conference to see how much we could get out of them and to drive the best bargain under the bond market at the time of the sales. I had a number of conferences with the underwriters and their representatives about these matters. Defendant Meyers never appeared at any of these conferences and I

(Testimony of George H. Harlan.)

never heard that he had any connection of any kind with the financing.

Cross Examination

By Mr. Simon:

Defendant's Exhibit A-50 is a photostatic copy of the contract between Joseph B. Strauss and the Bridge District. Admitted without objection. The contract was granted to Mr. Strauss as an individual and not to a corporation. The terms of his compensation were set forth fully in the contract. Generally he was supposed to get 4% of \$27,000,000.00. There was later an additional sum allowed him for certain extras.

DEFENDANT'S EXHIBIT No. A-50

This Agreement, made and entered into this 7th day of October, 1929 by and between Golden Gate Bridge and Highway District, a public Corporation herein called the District and Joseph B. Strauss, herein called the Engineer,

WITNESSETH:

That for and in consideration of the fees hereinafter agreed to be paid by the District to the Engineer, and the naming of said Joseph B. Strauss as Engineer of the Golden Gate Bridge and Highway District, the said Joseph B. Strauss does hereby agree to act as such Engineer of the Golden Gate Bridge and Highway District in charge of all engineering work embraced within the project of building a bridge across the Golden Gate between the

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)

City and County of San Francisco and the County of Marin in the State of California, conducting the necessary investigation of conditions, including foundation conditions, making surveys, preparing plans and specifications, preparing the material for the advertising for bids and the awarding of contracts, and supervising the construction and placing of the bridge in operation, should the bonds necessary to finance the project be voted by the electors of the District. The Engineer further agrees to furnish all the necessary engineering talent and material required for this purpose (except as hereinafter specified), including his personal advices and the services of such of his subordinates as may be necessary to properly plan, design, execute, supervise, inspect, and complete the construction of all engineering features and work contemplated by the District, and will furnish the necessary architectural services to make the structure one of a beautiful and pleasing appearance to harmonize with its setting and surroundings.

It is understood and agreed between the Engineer and the District, however, that working with the Engineer as consultants and under his direction there will be an engineering board to consist of such members as the Board of Directors of the District shall determine, who shall collaborate with the Engineer in the investigation, planning and construction of the bridge, and it is understood and agreed that the Engineer will be the president of the engineering

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)

board and that all of the activities of the Engineer will be conducted in cooperation with and in conjunction with the said engineering board to the end that the District shall have in all of the details of the work the benefit of the engineering skill of all members of the engineering board as well as that of the Engineer.

The Engineer further promises and agrees to include within his services the engineering talent necessary to complete such of the roadways and approaches leading to the bridge, including necessary tunnels, toll houses, lighting, and other necessary appurtenances, and the rail facilities necessary to make the structure complete, provided that if state, county, city, or Federal cooperation in the matter of approaches shall be obtained by the District the Engineer shall cooperate with the authorities thereof to make the proper connections between such approaches and the state highway system of the State of California. The said engineering work shall include the necessary surveys and the expense of making such surveys, study of designs, clearances, lines, grades to street and highway construction, a careful analysis of the physical conditions affecting the structure, the progressive preparation of plans and specifications and data, estimates, statistics and traffic checks necessary to place the project before the voters at an election to be held for the purpose of authorizing bonds of the District to obtain money for the construction of the project, and the supervis-

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)

ion of the borings necessary to determine the character of the foundations and the inspection thereof, but the cost of such borings, soundings and accumulation of other data necessary to determine the foundation conditions shall be borne by the district.

The Engineer further promises and agrees to include within his services the furnishing of all plans and data for and his attendance at all conferences with the Government and other officials who have supervision of the work, together with his attendance and that of such experts as may be necessary to present testimony at all state or Federal hearings appertaining to the construction or location of the bridge, and the furnishing of exhibits necessary to the proper presentation of the case of the District at such hearings.

The foregoing enumeration of the duties and services of the Engineer are not to be deemed exclusive, but he shall do and perform all things directly or indirectly comprehended within the said enumerated duties and services or which may be incidental or necessary for furnishing complete engineering service to the project.

The work thus contracted for up to the time when the electors of the District shall authorize the actual construction of the bridge by voting bonds therefor shall be and constitute the preliminary stage of the work and be treated as such for all purposes, including that of compensation. The work herein pro-

(Testimony of George H. Harlan.)

Defendant's Exhibit No. A-50—(Continued)

vided to be done, including the preparation of final detailed drawings, sheets, plans, specifications, supervision of work, certification of compliance with contracts, and furnishing of general engineering advice to the Board of Directors, shall be the main and final work of the Engineer.

The inspection of materials in the mills and shops and the determination of the proper quality of materials shall be performed under the Engineer's direction, for which the Engineer will charge nothing, but the cost of the inspection so performed under the Engineer's direction shall be borne by the District. It is understood that no contracts, however, can be made without the formalities required by law, and that all contracts must be submitted to and be approved by the officers of the District, and that the Engineer shall have no authority to contract on behalf of the District.

The Engineer further agrees as a part of his work to include the checking of shop and working plans in compliance with the Engineer's plans and specifications, and it is agreed that fabrication will not commence until said Engineer has approved said shop and working plans, and that no deviation shall be permitted to or by the contractor or contractors, or by or to those furnishing materials, from the Engineer's general design, plans and specifications, without the approval of the Engineer. The Engineer agrees to include in his fee the engineering field work and the maintenance of a competent resident

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)
engineer on the ground throughout the construction of the bridge, together with such assistants and subordinates as may be necessary to properly prosecute the work without delay or inconvenience, and the maintenance of a representative on the ground who will always be available to the Board of Directors for engineering advice.

The Engineer shall render monthly reports to the Board of Directors and such other reports, including the final report on the completion of the bridge, so that the same may be accepted and placed in service.

No compensation or payment shall be made to the Engineer for said services except those herein expressly provided, and they shall be as follows: For the purpose of a basic figure upon which to fix said compensation it is estimated that the cost of the physical structures erected by the District will be twenty-seven million dollars (\$27,000,000), and it is hereby provided that the basic fees of the Engineer shall be four per cent (4%) of said sum of twenty-seven million dollars, to-wit, one million eighty thousand dollars (\$1,080,000) less, however, the deductions hereinafter specified, said fee to include the rates for any patented design or types of construction that the Engineer may employ in said design, it being understood and agreed that it is the fixed policy of the District not to pay for any patented design or type of construction in which any of its engineers has any interest whatsoever, and it

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)
being the intent of this provision that the engineering fees shall include the royalties to any other person or persons having or holding patented designs employed by the Engineer in his plans of the work; and it is expressly understood that said fee of one million eighty thousand dollars shall apply only in case the bridge and other structures are completed and placed in service.

It is expressly agreed between the parties hereto that the said fee of one million eighty thousand dollars shall be and hereby is expressly agreed to be reduced by the sum of one hundred and fifteen thousand dollars (\$115,000), plus railroad fares and hotel bills of Leon S. Moisseiff and O. H. Ammann, which is the compensation which the District has agreed to pay to said Leon S. Moisseiff and O. H. Ammann as members of the engineering board of the District, and that the District hereby assumes the payment of the said engineering fees of said Leon S. Moisseiff and O. H. Ammann; and it is further understood that the fee of the Engineer of one million and eighty thousand dollars, so reduced by one hundred and fifteen thousand dollars to nine hundred and sixty-five thousand dollars, shall be further reduced by the amount which the District is required to pay to said Leon S. Moisseiff and O. H. Ammann for railroad fares and hotel bills, as aforesaid.

In case for any reason the contract shall terminate by reason of the death of the Engineer or his inability, arising from any cause, to further perform

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)

his duties to the satisfaction of the Board of Directors, or in case of the failure or refusal of the electors of the District to vote for the bonds necessary to pay for the construction of the bridge after the submission or the last resubmission to them of the proposition which the Board of Directors determines to place before the voters, or in case of the abandonment of the project, the Engineer shall be paid the reasonable value of his services performed up to that time, not exceeding in any event, however, the amount which would be due to the Engineer under the provisions of this contract at the time when the next payment on account of said fee would fall due, pro-rated according to the proportion of such services rendered up to the time of the termination of the contract, and allowing the District the benefit of the value of incompleted work on the part of the Engineer.

As a special provision of this contract and applicable to the report of the Engineer, it is agreed that the compensation which the Engineer shall receive for the preliminary investigation and a report based thereon, which report is the report which it is contemplated will be used as the basis of the bond election or elections to be submitted to the voters, is the sum of one hundred and twenty-five thousand dollars (\$125,000), less, however, the sum of twenty-eight thousand dollars (\$28,000) plus railroad fares and hotel bills agreed to be paid to Leon S. Moisseiff and O. H. Ammann, which said fee, however, is to

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)

be credited on account of the moneys due to the Engineer out of the fee of nine hundred and sixty-five thousand dollars hereinabove provided for in case the bond issue carries and the project of building the bridge is undertaken by the District. The said services to be rendered by the Engineer for the said preliminary fee of ninety-seven thousand dollars (\$97,000), less the railroad fares and hotel expenses of said Leon S. Moisseiff and O. H. Ammann, are all of the services hereinabove provided for up to and including the furnishing of the said engineering report and such necessary data as may be necessary to be furnished to the Board of Directors for the purpose of placing the proposition before the voters at a bond election. It is understood and agreed that of said preliminary fee no payment shall be due until the District is able to collect funds with which to pay the same, and that it is expected that the first money available for that purpose will be available about the month of January, 1930, and that at that time there will be available for the payment of the Engineer and of said Leon S. Moisseiff and O. H. Ammann the sum of fifty thousand dollars (\$50,000), of which the said Leon S. Moisseiff and O. H. Ammann shall receive seven thousand dollars (\$7,000) each and the Engineer shall receive the balance of said fifty thousand dollars, provided that if out of the moneys provided in the budget for soundings and borings, or from

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)

any other budget item of the District, twenty thousand dollars (\$20,000) over and above said sum of fifty thousand dollars can be made to be available for the purpose of paying the engineer, the extra twenty thousand dollars or such part thereof as shall be available shall be paid at said time, and that thereafter and during the preliminary stages of the project payments will be made on account semi-annually about the first of February and June of each year, and that the Engineer will furnish during the month of June of each year an estimate of the proportion of his fee expected to be provided during the next fiscal year, so that the same may be included in the budget by the Board of Directors if it is necessary to secure money therefor by means of direct taxation.

After the bonds are voted and sold, in case they are so voted and sold, the fees of the Engineer shall be paid solely out of the funds derived from the sale of District bonds, as follows: Thirty-three and one-third per cent ($33\frac{1}{3}\%$) of the total engineering fee payable to the Engineer, less such amount as shall have already been paid to him by the District, shall be paid when the structural steel contract is let by the District. The balance of said engineering fee shall be payable thereafter monthly in installments which shall be based and pro-rated upon the total payments made by the District monthly to its contractors, in proportion to the amount which the

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)

District shall pay to all of said contractors during any one month, and shall be computed upon the proportion which said monthly payment to all of the contractors bears to the total payment due to such contractors upon the entire amount of their contracts, provided that when the District shall have paid to the Engineer all of said engineering fee, except the sum of one hundred and fifty thousand dollars, the said monthly payments to him shall thereupon cease, and the District shall retain the sum of one hundred and fifty thousand dollars until such time as the bridge is completed in accordance with the plans and specifications, at which time the District shall pay to the Engineer the said balance of his engineering fee amounting to the sum of one hundred and fifty thousand dollars.

In no event shall the Engineer charge the District for, nor shall the District be obligated to pay for, any extra work, services or compensation, unless the same shall have been agreed upon in writing between the District and the Engineer, and the amount thereof fixed and determined by such writing. It is the intent and purpose of this contract that the engineering fee hereinabove provided for, and as hereinabove defined, shall be the maximum amount which the District shall be obligated to pay to the Engineer in any event, unless such further or extra services are agreed upon in writing and the amount thereof specified in such writing, signed by the authorized officers of the District.

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)

This contract is entered into upon the express understanding that due to the technical skill and knowledge peculiarly possessed by the Engineer this contract cannot be assigned, in whole or in part, by the Engineer, and that in case of the death or disability of the Engineer this contract shall be deemed to be an end, so far as the employment of services is concerned, and that no substitute or successor to the Engineer can be appointed in any other way than by action of the Board of Directors of the District, and the Board of Directors of the District reserves full right and power in case of such death or disability on the part of the Engineer to act to cancel and annul this contract from the date of such death or disability, and the rights which have accrued up to the date of such death or disability shall be the measure of the rights of the parties hereunder in case of such termination of this contract.

In Witness Whereof, the party of the first part has executed these presents by its undersigned officers, thereunto duly authorized, and its corporate seal attached, and the party of the second part has

(Testimony of George H. Harlan.)

Defendants' Exhibit No. A-50—(Continued)
also executed these presents, the day and year in
this agreement first above written.

**GOLDEN GATE BRIDGE AND
HIGHWAY DISTRICT**

By **W. P. FILMER,**

President of its Board of
Directors

W. W. FELT JR.

Secretary of its Board of
Directors

JOSEPH B. STRAUSS

[Endorsed]: Filed Oct. 20, 1942.

I knew August Fritzie. He accompanied me to nearly all of the trials, assisting in gathering witnesses, and even testified in one of the cases and kept up my morale. He never told me that he was representing Joseph B. Strauss, but I did get that understanding later and he was paid for [258] the service. What he was paid came from Mr. Strauss, but who paid him the money I do not know.

I knew Charles H. Brennan. He apparently was retained by Mr. Strauss as his attorney and he went with me into the country several times and made speeches at meetings. I heard that Mr. Strauss paid him, but do not know.

I recognize the signature of Joseph B. Strauss on Defendant's Exhibits A-51, A-52, A-53, and A-54.

(Testimony of George H. Harlan.)

(Said exhibits, all being letters signed by Joseph B. Strauss and addressed to Dr. H. H. Meyers were admitted and read to the Jury.)

DEFENDANT'S EXHIBIT No. A-51

San Francisco

December 29, 1928

Dr. H. H. Meyers,
Palace Hotel,
San Francisco.

Dear Dr. Meyers:

Concerning our understanding and supplementing our agency agreement, you are hereby authorized and empowered to represent me in the matter of the Golden Gate Bridge, it being understood and agreed that you will arrange with Mr. August Fritze, who has heretofore acted for me as my agent, to take over his agency on some basis which you are to negotiate with him.

It is also understood that Mr. Fritze hereby releases my company and myself from any and all obligations which he may have or claim under the existing agreement, either personally or by virtue of any service he may have asked others on his own behalf, or otherwise, to render.

Yours very truly,

JOSEPH B. STRAUSS

Approved and Accepted:

.....
[Endorsed]: Filed Oct. 20, 1942.

(Testimony of George H. Harlan.)

DEFENDANT'S EXHIBIT No. A-52

[Letterhead]

Los Angeles Biltmore

December 31, 1928

Dr. H. H. Meyers,
Palace Hotel,
San Francisco, Calif.

My dear Dr. Meyers:

Confirming our understanding between you, Mr. Fritze and myself in reference to the Golden Gate Bridge, we now have agency agreements with Charles H. Brennan and Mr. Fritze under which they were to jointly and individually act for my company and myself in securing for me the appointment as engineer of the Golden Gate Bridge District, in consideration of certain sums of money already paid them plus a contingent percentage of our fee in the event that they brought about such appointment.

It is now realized by us and conceded by Mr. Fritze that the objective sought to be gained under these agreements has not and can not be reached. Mr. Fritze and Mr. Brennan have for a year or more been estranged and have been, therefore, incapable of carrying out their joint agency agreement. Mr. Brennan on this account has abandoned the project and performed no service whatever in furtherance of it or in compliance with his agreement, and Mr. Fritze alone has been unable to organize the forces necessary to bring about my ap-

(Testimony of George H. Harlan.)

pointment, as provided for in said agreement.

It having been mutually agreed between Mr. Fritze, yourself and myself, that in view of this situation, the further handling of my interests be placed in your hands, and it being necessary to re-adjust matters accordingly, Mr. Fritze now proposes that we cancel his agreement and that you, as my agent, come to an understanding with him and with Mr. Brennan in reference to said cancellation and also in reference to an adjustment with Brennan based on his voided agreement and in the interest of harmony.

I, accordingly, confirm herewith your appointment as our agent in this project with full authority to carry on all the negotiations in our behalf that may be necessary and proper to bring about my appointment as the engineer for the Golden Gate Bridge District, in sole charge of all the engineering work, and on the basis of the customary and proper fee for such engineering service, namely 5%, as per proposal to be submitted by me to the Directors of the Golden Gate Bridge District, and you, herewith, agree to accept such agency, and to take all necessary and proper steps to bring about my retention by the Directors of the Bridge District as their engineer in sole charge of the design and construction of this bridge.

[Initials in margin: HHM and J.W.S.]

It is further understood that in view of the situation previously referred to, relating to Mr. Fritze and Mr. Brennan, you will secure for us an immedi-

(Testimony of George H. Harlan.)

ate release from Mr. Fritze, you absorbing any amount or consideration that may be agreed upon by you for such release and it shall also include anyone that Mr. Fritze may have called in to aid him. You will likewise secure from Mr. Brennan, whose contract, as stated, has been voided by him, a legal release for us, you absorbing any amount or consideration that may be agreed upon by you for such release, and it shall also include anyone that Mr. Brennan may have called in to aid him.

In such adjustments, credit should be given for any money we have already paid Fritze and Brennan, such credit to inure mutually to your benefit and ours. It is understood that this adjustment is for the express purpose of securing harmonious and cooperative effort and to deal justly with all parties, even though their legal rights may be questioned, and to have a clean-cut and clear understanding all around.

In consideration of your accepting the above conditions, and in consideration of your services as our agent, and in return for obtaining the appointment for me as engineer of the Golden Gate Bridge District, as above provided, you are to receive, as full and complete compensation for all of your services and expenses in the matter, a commission of \$100,000, to be paid out of any fee that I may receive from the Golden Gate Bridge District for my services as their engineer, payable pro rata as and when I receive said fee.

It is understood that out of said commission, you

(Testimony of George H. Harlan.)

shall make the above settlements and adjustments with Fritze and Brennan, including such others as they may have called into the matter, or who may now be called in by you, and that said amount shall include commitments for legal services and other expenditures necessary and pertinent to the project, except that your reasonable expenses to date, preceding this agreement, shall be reimbursed to you, as already agreed upon in person at our recent conference in San Francisco.

It is agreed that you will consult and confer with me on all matters relating to this agreement and in reference to the various steps taken, so that we may cooperate to the best possible advantage as principal and agent. It is also understood that I will deal in this matter solely through you, and that there are no commitments or agreements of any kind with others relating to this matter. It is further understood that if my appointment, as above specified, is not brought about under the terms of this agreement within ninety (90) days from the date of this instrument, then this agreement is automatically terminated without obligation other than the expenses to date referred to in the preceding paragraph, and of which \$1,000 has already been paid.

This agreement, when accepted by you in writing and approved by my associates in Chicago, will

(Testimony of George H. Harlan.)

constitute a contract between us effective on and after this date.

Respectfully submitted

JOSEPH B. STRAUSS

Accepted:

H. Harry Meyers

Jan. 8/29

[Endorsed]: Filed Oct. 20, 1942.

DEFENDANT'S EXHIBIT No. A-53

[Letterhead]

At the end of the trail stands
the historic Palace Hotel, San Francisco

San Francisco

December 29, 1928

Dr. H. H. Meyers,
Palace Hotel,
San Francisco.

Dear Mr. Meyers:

Confirming our understanding and supplementing our agency agreement, you are hereby authorized and empowered to negotiate with Mr. Charles H. Brennan for an amicable disposal of the existing agreement between my company and Mr. Brennan in reference to the Golden Gate bridge.

Mr. Brennan has not operated under this agreement for a period of a year and it is, therefore, legally void. However, I desire to see that Mr. Brennan is properly recompensed for such effort as he has applied to this matter and you are hereby

(Testimony of George H. Harlan.)

directed to enter into negotiations with him with a view to arriving at a harmonious understanding on this subject.

Yours very truly,

JOSEPH B. STRAUSS

[Endorsed]: Filed Oct. 20, 1942.

The action of the Board of Supervisors of San Francisco, California was naturally the most important because if the board did not approve a project it was out. That board considered the matter in 1928. About 85% of the value of the property lay in San Francisco County. I was not conversant with the workings of the board in San Francisco.

In November, 1930, the general election on the approval of the bonds had to carry by two-thirds vote in the entire district and the votes in San Francisco became important.

I would not say that the two largest papers in [259] San Francisco were opposed to the project. The "Chronicle" seemed to be on the fence. The "News" was active in their support. I do not know what, if anything, the defendant Meyers did for Strauss in connection with the bond election.

Defendant's Exhibits A-56, A-57, and A-58 seem to bear the signature of Mr. Strauss. (Said exhibits being letters and agreements signed "Joseph B. Strauss" and addressed to Dr. H. H. Meyers, all admitted in evidence.)

(Testimony of George H. Harlan.)

DEFENDANT'S EXHIBIT No. A-56

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
307 North Michigan Avenue
Chicago

San Francisco, Calif.

March 11, 1929

Dr. H. H. Meyers,
c/o Palace Hotel,
San Francisco, Calif.

Dear Dr. Meyers:

Referring to our various conversations, and in consideration of your services in acting for me in connection with the Golden Gate Bridge, and conditioned upon my appointment in the near future as Engineer of said bridge, in sole charge of all the engineering work of the District, upon a fee basis

four 4
of ~~five~~ percent (5%) of the total cost of the work,
I will pay you a total of One Hundred Twenty
Thousand Dollars, (\$120,000.00) pro rata as and
when I receive my payments from the District, said
amount to cover all your services and any and all
expenses incurred by you in connection with this
project.

[Notation in margin: 4% JBS.]

Very sincerely yours,

JOSEPH B. STRAUSS

JBS:H

[Endorsed]: Filed Oct. 20, 1942.

(Testimony of George H. Harlan.)

DEFENDANT'S EXHIBIT No. A-57

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
307 North Michigan Avenue
Chicago

April 2, 1929

Golden Gate Bridge Agreement:

File LS-2.

Dr. H. H. Meyers
c/o Palace Hotel
San Francisco, California

My Dear Dr. Meyers:

Referring further to the Golden Gate Bridge and supplementing my memorandum of March 11, 1929, we hereby agree to pay you as commission and in consideration of your services in securing for me the appointment as Engineer on the basis of ^{a four}~~a five~~ percent (⁴~~5~~%) fee, the sum of One Hundred Thousand Dollars (\$100,000), it being understood that this payment is to be made prorata as I receive my payments, the exact amount of each prorata payment to be determined when the terms of my payments are fixed.

It is further understood that out of said payment to you, you are to make a settlement with August Fritze of San Francisco and are to secure a full release of my Company and myself from him and are to guarantee me against any and all claims he may make.

(Testimony of George H. Harlan.)

It is likewise understood that said payment of \$100,000.00 is to be in full and complete settlement of any and all claims upon my Company or myself for your services and expenses in San Francisco and elsewhere since you undertook this matter.

It is further understood that this Agreement is to be conditioned upon the said appointment, as above defined, being made within three (3) months from date and if not made on or before then, my Company and I are to be under no obligation.

Respectfully submitted,

JOSEPH B. STRAUSS

June 28/29

Extended 60 days.

JOSEPH B. STRAUSS

Accepted:

This.....of April, 1929.

H. H. Meyers

JBS:P

[Endorsed]: Filed Oct. 20, 1942.

DEFENDANTS EXHIBIT No. A-58

Los Angeles, California

April 27, 1933

Dr. H. H. Meyers,
The Gaylord,
Los Angeles, Calif.

Dear Dr. Meyers:

Referring to our two agreements of March 11,

(Testimony of George H. Harlan.)

1929 and April 2, 1929, this is to confirm that the total amount due you under these contracts is \$220,000. minus \$5,650.00 still chargeable to you on the Fritze claim, leaving a net balance due of \$214,250.00.

1—The payments made to you to date, deducting certain items charged by agreement to general expense, total \$104,250.00, receipt of which you hereby acknowledge.

2—The net balance, therefore, remaining to be paid you under said contracts is \$110,000.00, and it is hereby agreed that said balance is to be paid you out of the balance of \$720,000.00 still remaining to be paid to me by the Golden Gate Bridge & Highway District, and which is to be paid me in monthly installments, in proportion to the work performed by the contractors.

3—It is further agreed that said sum of \$110,000.00 is to be paid to you in monthly installments pro rata as I receive said further payments monthly from said Golden Gate Bridge & Highway District, and in the proportion that said total sum of \$110,000.00 bears to said total sum of \$720,000.00., that is, said balance of \$110,000.00 is to be paid you monthly in amounts equal to approximately 15% of the monthly amounts to be paid me by the District, and as and when same are so paid me.

4—It is expected that said monthly payments to me from the District will reach a sufficient amount to permit the beginning of said monthly payments

(Testimony of George H. Harlan.)

to you not later than the month of June 1933, with the possibility that the first payment will be made during the month of May 1933, and that said monthly payments to you shall begin not later than June 1933.

Very truly yours,

JOSEPH B. STRAUSS

Accepted:

H. H. Meyers

[Endorsed]: Filed Oct. 20, 1942.

It is not true that it was undesirable for Strauss to appear active in support of the measure. On the contrary I think it was desirable that people should know that he put everything that he had behind it because he was the one man that was saying he could do it.

We were not playing politics in the Golden Gate Bridge project. We were playing to the plain man on the street that wanted the Bridge.

I knew Mr. Finn, former sheriff of San Francisco County, and served one term in the California legislature with him. He was favorable to the bridge enterprise but not necessarily active. I was not aware of his activities.

Re-Direct Examination

By Mr. Hile:

Mr. Strauss is now dead. I do not know of anything that Meyers did toward getting Mr. Strauss appointed as engineer for the bridge. I was present

(Testimony of George H. Harlan.)

at some of the conferences of the engineering committee. Meyers never appeared before that committee while I was there. There were powerful organizations against the bridge project.

But the project at the time of the election on the bond issue was a very popular project. [260]

There was never any attempt to put Mr. Strauss in the background in the promotion of the bridge enterprise. On the contrary he was put forward at all times. It was he who conceived the bridge from the engineering standpoint. Defendant Meyers was never consulting engineer nor had anything to do with the engineering of the bridge. Mr. Fritzie worked in the initial phases of the litigation. I did not know at that time that he was an agent of Strauss. [260-a]

Re-Cross Examination

By Mr. Simon:

To the best of my knowledge the four letters in Defendant's Exhibit 59 bear the signature of Leon S. Moisseiff. Defendant's Exhibit A-59 admitted, but with only two of said letters.

I did not know Fritzie was an agent of Strauss, although I did speculate that he was.

Re-Redirect Examination

By Mr. Hile:

Mr. Moisseiff was not frequently in San Francisco after his appointment as engineer. Mr. Strauss and he were friendly. [261]

WILLIAM J. FELT, Jr.

A witness called by the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am Secretary of the Golden Gate Bridge and Highway District. I have held the position for approximately fourteen years. I had some connection with the Golden Gate Bridge project as a citizen prior to the formation of the District back in about 1923. I attended several meetings. Mr. Doyle, a Santa Rosa banker, who was very much interested in the bridge used to come to my office frequently and talk over the strategy of getting the district under way. I became connected officially in the early part of 1929. Dr. Meyers never attended any meetings and I never heard of him at that time and had never seen him.

Mr. Doyle and Mr. McMinn, two friends of mine were directors and they were interested in having me take the position of secretary. I was approached first by some representatives from the Chamber of Commerce in San Francisco. They said they believed the district should be formed and that I would be the man they would like to support for the District secretary. The district was incorporated December 4, 1928. I became associated with it in March of 1929. As Secretary I attended the meetings of the board. I think I missed one in fourteen years. There were 12 members at first, six from San Francisco and one from each of the other counties. The President of the Board was William

(Testimony of William J. Felt, Jr.)

B. Filmer. He is still living, but is very ill. [262]

I have never seen defendant Meyers appear before the board or any committee while I have been secretary. I never saw him. I had never heard of him up to the time Mr. Strauss was appointed as engineer for the bridge.

The matter of selecting an engineer was discussed by the Board of Directors and a committee on engineering was appointed. A committee made an examination for Strauss' appointment. I was present at the various regular meetings of the board considering the selection. There were ten engineers considered, including Joseph B. Strauss.

Government's Exhibit 84 is a copy of the resolution authorizing the president to communicate with different engineers. That resolution was passed by the board.

Government's Exhibit 85 is a copy of resolution appointing Joseph B. Strauss the engineer of the Golden Gate Bridge and Hiway District, providing suitable terms could be made for his employment. That resolution appears in the minutes.

Government's Exhibit 86 authorizes execution of a contract with Mr. Strauss as engineer. That appears in the minute book.

Exhibit 87 is a copy of resolution No. 47 as it appears in a minute book. It approves the terms of the contract with Mr. Strauss.

Exhibit 88 is a resolution affecting a clarification of the offer of the Bank of America to purchase

(Testimony of William J. Felt, Jr.)

\$3,000,000.00 worth of series A bonds of the District.

Exhibit 89 is a copy of a resolution approving a contract with the firms to act as selling agency for the bonds of the District. [263]

Exhibit 90 is a copy of a contract between the District and the syndicate.

Exhibit 91 is a copy of a resolution authorizing the budget items that appear for the Bureau of Information.

Exhibits 84 to 91 inclusive admitted.

PLAINTIFF'S EXHIBIT No. 84

Resolution No. 13.

Resolved that the President of this Board be, and he hereby is authorized to communicate with such long span bridge engineers as he may be advised and ascertain under what conditions a board of engineers could be assembled for the purpose of reporting to this board upon the project of building a bridge across the Golden Gate.

Passed this 13th day of March, 1929 by the following vote of the Board:

Ayes, Directors Henry Westbrook, Jr., A. R. O'Brien, J. A. McMinn, F. P. Doyle, Thos. Maxwell, R. H. Trumbull, Wm. P. Stanton, Warren Shannon, Richard J. Welch, Wm. P. Filmer.

Noes, Directors: None.

Absent, Director Carl A. Henry.

Not voting, Directors: None.

(Testimony of William J. Felt, Jr.)

Approved this 13th day of March, 1929.

WM. P. FILMER

President of the Board of
Directors.

Attest:

DAVID A. BARRY

Secretary of the Board of Directors.

The foregoing instrument is a correct copy of the
original on file in this office.

Attest this.....day of.....193....

.....

Secretary of the Board of Di-
rectors of the Golden Gate
Bridge and Highway District.

[Endorsed]: Filed Oct. 20, 1942.

PLAINTIFF'S EXHIBIT 85

Resolution No. 28

Resolved, that Joseph B. Strauss be, and he
hereby is appointed the Engineer of the Golden
Gate Bridge and Highway District, provided that
suitable arrangements can be made with the said
Joseph B. Strauss for his compensation and serv-
ices as such Engineer.

Passed this 15th day of August, 1929 by the fol-
lowing vote of the Board:

Ayes, Directors Trumbull, O'Brien, Maxwell, Fil-

(Testimony of William J. Felt, Jr.)

mer, Henry, Shannon, Stanton, Welch, Doyle, McMinn.

Noes, Directors None.

Absent, Directors Westbrook.

Approved this 15th day of August, 1929.

WM. P. FILMER

President of the Board of
Directors.

Attest:

W. W. FELT, JR.

Secretary of the Board of Directors

The foregoing instrument is a correct copy of the
original on file in this office.

Attest this.....day of.....193....

.....

Secretary of the Board of Di-
rectors of the Golden Gate
Bridge and Highway District.

[Endorsed]: Filed Oct. 20, 1942.

PLAINTIFF'S EXHIBIT 86

Resolution No. 36

Resolved that upon a report being made to the President by Director Keesling, the General Manager and the Attorney that the contracts to be entered into between the District and the Engineer and the Consulting Engineers of the District are in due form, that the President and Secretary be and

(Testimony of William J. Felt, Jr.)

they hereby are authorized, empowered and directed to execute said contracts on behalf of the District and to affix the seal of the District thereto.

Passed this 11th. day of September, 1929, by the following vote of the Board.

Ayes, Directors Westbrook, Trumbull, O'Brien, Maxwell, Filmer, Keesling, Shannon, Stanton, Welch, McMinn.

Noes, Directors none.

Absent, Directors Henry, Doyle.

Approved September 11, 1929.

W. P. FILMER

President of the Board of
Directors.

Attest:

W. W. FELT, JR.

Secretary of the Board of Directors

The foregoing instrument is a correct copy of the original on file in this office.

Attest this.....day of.....193....

.....

Secretary of the Board of Directors of the Golden Gate Bridge and Highway District.

[Endorsed]: Filed Oct. 20, 1942.

(Testimony of William J. Felt, Jr.)

PLAINTIFF'S EXHIBIT 87

[Stamped]: Copy

Resolution No. 47

Whereas, the officers of the Golden Gate Bridge and Highway District have negotiated a contract of employment with Joseph B. Strauss, as Engineer of the Golden Gate Bridge and Highway District, which said contract as approved at this meeting is hereby referred to;

Now, therefore, be it resolved, that said contract and all of the terms thereof be, and the same hereby is adopted as the contract of the Golden Gate Bridge and Highway District with the said Joseph B. Strauss, and that the President and Secretary of this Board be, and they hereby are authorized empowered and directed to execute the said contract on behalf of the Golden Gate Bridge and Highway District, and that the seal of the District be affixed hereto.

Passed this 1st day of October, 1929 by the following vote of the Board:

Ayes, Directors Westbrook, Trumbull, O'Brien, Maxwell, Filmer, Keesling, Stanton, Welch, McMinn.

Noes, Directors None

Absent, Directors Henry, Shannon, Doyle.

Approved this 1st day of October, 1929.

WM. P. FILMER

President of the Board of
Directors.

(Testimony of William J. Felt, Jr.)

Attest:

W. W. FELT, JR.

Secretary of the Board of Directors

The foregoing instrument is a correct copy of the original on file in this office.

Attest this.....day of.....193.....

.....
Secretary of the Board of Directors of the Golden Gate Bridge and Highway District.

[Endorsed]: Filed Oct. 20, 1942.

PLAINTIFF'S EXHIBIT 88

Resolution No. 307

A Resolution Selling Additional \$3,000,000 Principal Amount of Series A Bridge Bonds.

Whereas, in order to effect a clarification in a minor detail of the offer of Bank of America National Trust and Savings Association dated November 4, 1932 for \$3,000,000 of Series A Bonds of Golden Gate Bridge and Highway District, which offer was accepted by Resolution No. 286 of the Board of Directors of said District, said Bank has submitted to said Board of Directors a new offer dated November 16, 1932 in place of said offer dated November 4, 1932, and has requested that such new offer be substituted for said offer dated November 4, 1932, that said Resolution No. 286 be rescinded

(Testimony of William J. Felt, Jr.)

and that a resolution accepting such new offer be adopted;

And Whereas pursuant to said request of said Bank said Resolution No. 286 has been rescinded by resolution of this Board of Directors;

And Whereas said new offer made by said Bank in substitution for said offer dated November 4, 1932 is in the words and figures following, to-wit:

San Francisco, California. November 16, 1932

To the Board of Directors,
Golden Gate Bridge and Highway District,
Financial Center Building,
San Francisco, California.

Dear Sirs:

For three million (3,000,000) dollars principal amount of Series A Bonds of Golden Gate Bridge and Highway District (being a part of an issue of \$35,000,000 principal amount of bonds of said District authorized at an election held therein on November 4, 1930), all dated July 1, 1932, bearing interest at the rate of four and three-quarters ($4\frac{3}{4}$) per cent, per annum, payable semi-annually, both principal and interest being payable at the office of Bank of America National Trust and Savings Association, in San Francisco, California, and at Manufacturers Trust Company in the City of New York, N. Y., at holder's option, said bonds maturing as follows:

\$15,000 annually on July 1st in each year
from 1942 to 1946, inclusive;

(Testimony of William J. Felt, Jr.)

\$30,000 annually on July 1st in each year from 1947 to 1951, inclusive;

75,000 annually on July 1st in each year from 1952 to 1956, inclusive;

105,000 annually on July 1st in each year from 1957 to 1961, inclusive;

135,000 annually on July 1st in each year from 1962 to 1966, inclusive;

240,000 annually on July 1st in each year from 1967 to 1971, inclusive;

we offer to pay you \$2,887,000.00 and accrued interest to date of delivery.

The foregoing bid is made upon the following conditions which shall be conditions precedent to any liability on our part to take delivery of or pay for said bonds, viz:

1. Said bonds shall be delivered to us on March 1, 1933.

2. Simultaneously with the delivery of said bonds you will furnish us without charge with the legal opinions of Messrs Masslich & Mitchell, of New York, and Messrs Orrick, Palmer & Dahlquist, of San Francisco, approving the validity of all of said \$3,000,000 principal amount of said Series A bonds in all respects.

3. This bid, as you are aware, is made in order that the District may obtain the necessary funds with which to proceed with the letting of contracts and with the construction of the project and to assist in the relief of unemployment. If, therefore, the \$6,000,000 principal amount of said bonds of

(Testimony of William J. Felt, Jr.)

said District sold under Resolution No. 255 shall be delivered prior to March 1, 1933 this bid shall be void. For the purposes of this bid said \$6,000,000 of bonds shall be deemed to have been delivered prior to March 1, 1933 even though not actually delivered, if prior to said date said attorneys shall unqualifiedly approve said \$6,000,000 of bonds subject only to delivery and payment in accordance with Resolution 255.

Very truly yours,

BANK OF AMERICA,

N. T. & S. A.

By WILL F. MORRISH

President

Be It Resolved that said offer hereinabove set forth be and is hereby accepted and said \$3,000,000 principal amount of Series A Bridge Bonds of said District are hereby sold to said Bank of America National Trust and Savings Association at the price and subject to the conditions specified in said offer hereinabove set forth.

Passed and adopted this 16th day of November, 1932, by the following vote of the Board of Directors:

Ayes, Directors Lutgens, Trumbull, O'Brien, Filmer, Keesling, Shannon, Stanton, Welch, Doyle and McMinn.

Noes, Directors none.

Absent, Directors Westbrook, Maxwell, Cameron and Henry.

(Testimony of William J. Felt, Jr.)

Approved this 16th day of November, 1932.

.....
President of the Board of
Directors.

Attest:

Secretary of the Board of Directors

The foregoing instrument is a correct copy of the
original on file in this office.

Attest this.....day of.....193....

.....
Secretary of the Board of Di-
rectors of the Golden Gate
Bridge and Highway District..

[Endorsed]: Filed Oct. 20, 1942.

PLAINTIFF'S EXHIBIT 89

Resolution No. 388

Whereas, Bankamerica Company, Blyth & Co.,
Inc., Dean Witter & Company and Weeden & Com-
pany have offered to enter into an agreement with
the Golden Gate Bridge and Highway District for
the marketing of the bonds of the Golden Gate
Bridge and Highway District, according to a signed
proposal filed with the Secretary of this Board on
the 26th day of April, 1933, which said proposal and
agreement is hereby referred to and made a part
hereof by such reference; and

Whereas, the terms in general of such proposal
are that the said Syndiate, composed of the corpor-

(Testimony of William J. Felt, Jr.)

ations above named, will act as a selling-agency for the bonds of the Golden Gate Bridge and Highway District for a commission of three (3) per cent of the par value of the bonds sold, and that the Golden Gate Bridge and Highway District shall not be advised to sell any bonds for a less price than ninety-two (92) per cent of the face value of said bonds, bearing interest at four and three-quarters ($4\frac{3}{4}$) per cent per annum, payable semi-annually; nor shall it be obliged to sell in case the price will net the bona fide purchasers of such bonds an interest yield in excess of one-half ($\frac{1}{2}$) of one (1) per cent of the yield then obtainable from general obligation bonds of the City and County of San Francisco available for purchase in the open market, nor if the retail price offered for said bonds is more than one-tenth ($\frac{1}{10}$) of one (1) per cent higher in yield than the then outstanding bonds of the Golden Gate Bridge and Highway District in the open market.

Be It Further Resolved that the President and Secretary of this Board be, and they hereby are, authorized, empowered and directed to execute, on behalf of this District, the Agreement tendered by the Syndicate, composed of the members hereinabove mentioned, and to deliver to each member of said Syndicate one (1) executed copy thereof.

Passed this 26th day of April, 1933 by the following vote of the Board:

(Testimony of William J. Felt, Jr.)

Ayes, Directors McVay, Lutgens, Trumbull,
O'Brien, Maxwell, Filmer, Henry, Keesling, Shan-
non, Stanton, Doyle and McMinn.

Noes, Directors none.

Absent, Directors Cameron and Welch.

Approved this 26th day of April, 1933

WILLIAM P. FILMER

President of the Board of
Directors.

Attest:

W. W. FELT, JR.

Secretary of the Board of Directors

The foregoing instrument is a correct copy of the
original on file in this office.

Attest this.....day of.....193...

.....

Secretary of the Board of Di-
rectors of the Golden Gate
Bridge and Highway District.

[Endorsed]: Filed Oct. 20, 1942.

(Testimony of William J. Felt, Jr.)

PLAINTIFF'S EXHIBIT 90

Bankamerica Company

485 California Street

San Francisco, Calif.

April 26, 1933.

Board of Directors,

Golden Gate Bridge and Highway District,

111 Sutter Street,

San Francisco, California

Dear Sirs:

Subject to the conditions outlined below, we hereby agree to purchase twenty-nine million (29,000,000) dollars principal amount of your bonds, being the unsold portion of an issue of \$35,000,000 principal amount of bonds of your District authorized at an election held therein on November 4, 1930, viz.:

1. Purchase price and delivery of bonds:

(a) Price: We will pay for all or any portion of said \$29,000,000 of said bonds delivered to us by you, our actual retail offering price of said bonds, less a discount of 3% of the par value of said bonds. In other words, the net purchase price to be received by you will be the amount of said retail offering price after deducting therefrom the amount of said discount. Our retail offering price shall be fixed by us in each case from time to time as said bonds or any portion thereof are tendered to us, by public advertisement in a newspaper or newspapers in the City and County of San Fran-

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

cisco, which price shall represent in our opinion the then actual retail selling price of then-outstanding Golden Gate Bridge and Highway District bonds of average maturities available in the open market. Each block of said bonds delivered to us hereunder shall consist of average maturities of the then undelivered bonds of said issue. It is understood that our retail offering price for any block of bonds may vary from that of any other block. We agree to use our best endeavors to fix said retail offering price at such price as will net to the district the maximum price to be obtained for the bonds so tendered to us. Such retail offering price shall in no event be affected or determined by the price or prices at which we may offer or sell said bonds, or any portion thereof to dealers or brokers or at wholesale, or which we may subsequently obtain for said bonds after the first publication of our offering circular, but shall be based in each case upon the actual retail price (less 3% discount as provided herein) at which said bonds may be offered for sale to bona fide investors on the basis of our first offering or public advertisement of such bonds. Nothing herein contained is intended to or shall obligate you to sell to us, or us to purchase from you, bonds at any price other than one authorized by law.

(b) Conditions authorizing District to sell bonds at public sale: In the event of the happening of either of the following events: (i) if our retail

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

offering price fixed by us for any bonds tendered to us shall be less than a price which will, under the terms of this contract, net to the district less than 92% of the face amount of said bonds, bearing interest at $4\frac{3}{4}\%$ per annum, payable semi-annually, or (ii) if our retail offering price fixed by us for any of such bonds tendered to us, bearing interest at $4\frac{3}{4}\%$ per annum, payable semi-annually, shall be a price which will net to the bona fide purchasers of such bonds an interest yield in excess of one half of one per cent. Of the yield then obtainable from general obligation bonds of the City and County of San Francisco available for purchase in the open market, of like maturities and coupon rates (or in the event no such City and County of San Francisco bonds are available for such purchase in the open market at like coupon rates, then at an average rate computed on the yield obtainable from such general obligation bonds of the City and County of San Francisco of the nearest equivalent coupon rate immediately above and immediately below the coupon rate of your bonds for which such offering price has been established by us), or (iii) if the retail price set by us is more than one-tenth of one per cent. higher in yield than the then outstanding bonds of this District offered at retail at that time in the open market by general investment banking houses, then and in either of such events you shall not be obligated, as to such particular block or portion of such bonds so tendered

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

to us, to sell the same to us but may, at your option, advertise the same for sale at public sale, in which event we shall be entitled to bid for such bonds at such public sale with like force and effect as though this agreement had not been signed. Your right to sell such portion of said bonds at public sale, however, shall not release you from your obligation to sell the remaining bonds of said issue to us in accordance with the terms of this agreement; except that any subsequent portion of bonds tendered to us may likewise be offered for public sale in the event of the occurrence of either or any of said events in this subparagraph (b) above mentioned.

(c) Interest rate and terms: All of said bonds shall bear interest at the rate of $4\frac{3}{4}\%$ per annum, payable semi-annually (unless a lower rate of interest is agreed to and the purchase price adjusted accordingly). All other terms and conditions of said bonds, including date, maturity and place of payment, shall be substantially the same as specified in your resolution authorizing the issuance of the Series A bonds of the district in the principal amount of \$12,000,000. All of said bonds shall be payable in gold coin of the United States of the present standard of weight and value.

(d) Delivery: You shall notify us, at least thirty days in advance of the tender to us of any of said bonds, that you intend to make such tender and shall fix a date, at least thirty days in advance, at or prior to which we may take delivery of said

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

bonds. It is understood that you will not request us to take delivery of more than \$10,000,000 principal amount of said bonds in intervals shorter than six months apart. Delivery shall be made at the office of the District depository in the City and County of San Francisco, or in New York, at our option. All bonds shall be delivered to us in definitive form.

(e) **Accrued Interest:** In each case we will pay to you, in addition to our retail offering price less the discount above specified, the accrued interest on the bonds tendered to us to date of delivery.

2. **Conditions precedent:**

The following conditions are hereby made conditions precedent to any liability or obligation on our part, and we shall not be obligated to take delivery of or pay for any of said bonds if at any time, or from time to time, you shall be in default hereunder:

(a) If the district shall have failed to perform and keep performed prior to the delivery of said bonds, or any of them, to us each and all of the terms and conditions of this agreement:

(b) If any change, modification or amendment shall be made in the Bridge and Highway District Act under which the district was incorporated, by the legislature of the State of California, which in our opinion adversely affect the rights and powers of the district or its power to levy and collect taxes, or which otherwise, in our opinion, adversely affect

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

the rights of the holders of the bonds or their salability on the open market, whether then issued or to be issued and delivered to us.

(c) At or before the delivery to us of any block or portion of said bonds, the district shall deliver to us without charge the unqualified opinion of Messrs. Orrick, Palmer & Dahlquist, of San Francisco, and Messrs. Masslich and Mitchell, of New York, approving the validity of said bonds, the right of the District to levy and collect taxes for the payment of both principal and interest thereof, without limitation of rate or amount, on all of the taxable property within the district.

(d) At the time of the tender of said bonds, or any portion thereof, to us there shall be no litigation of any nature pending or threatened for the purpose of restraining or enjoying the issuance or delivery of said bonds, or any part thereof, or the levy or collection of taxes to pay the principal or interest thereof, or in any manner questioning the proceedings or authority by which the same are or are to be issued or delivered, or affecting the validity of said bonds or any part thereof, or the corporate existence or boundaries of said district, or the title of any of its officers to their respective offices.

(e) At or before the delivery of any of said bonds to us, you will furnish us with assurance satisfactory to us that you will require from each of the contractors to whom contracts for the con-

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

struction of said bridge and its approaches may be awarded, or any part thereof (with the exception of the structural steel contract) surety bonds executed by reputable surety companies, which shall be approved by your attorney both as to form and sufficiency.

(f) You will furnish us with a letter signed by your General Manager in such form and containing such terms and conditions as we may reasonably request, relating to the affairs of the district, its progress of construction, and the estimated income therefrom, which letter we may incorporate in our offering circular or other prospectus and upon which we may rely in reselling the bonds to our customers.

(g) You will furnish us, at your expense, copies of such plans and drawings, engineering and geological reports, construction contracts, surety bonds or other papers as we may reasonably require in order to prepare circulars relative to the sale of said bonds or otherwise obtain official information for distribution to our customers in order to enable us to effectively market said bonds; and you will warrant that the copies so furnished are true and correct copies of the documents of which they purport to be copies.

(h) You will also furnish to us, from time to time while any of said bonds shall be outstanding, such information relative to the income and earnings of the Bridge and administrative and operating

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

charges as we may reasonably require, and will warrant the truth and accuracy thereof and accord to us the right, from time to time, to examine the books and records of the district for the purpose of verifying the correctness of the accounts and information so furnished.

(i) You represent that you have obtained all necessary authority from the United States Government, the State of California and all other public bodies, boards and departments having jurisdiction thereof, for the construction of the Golden Gate Bridge, and you will furnish us, at our request the legal opinion of your attorney, in such form and containing such matters as we may reasonably request, certifying to the district's title to such rights, franchises or permits.

(j) You will designate a legal depository which shall be satisfactory to us, and will also designate a paying agent in the City and State of New York at which both principal and interest of the bonds shall be payable, which shall be satisfactory to and shall be approved by us.

(k) It is understood that should we fail to take delivery of and pay for, in accordance with the terms of this agreement, any of the bonds tendered to us at our retail offering price fixed by us in accordance with this agreement, less the discount above mentioned, this contract shall become void and you shall have no further rights against us and we shall have no further rights against you. It is

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

further understood that if at any time there shall occur or take place or exist any conditions beyond the control of either party affecting the performance of this contract, including, but not being limited to, any political, legal, financial or economic conditions, events or developments, or natural catastrophe (including fire or earthquake and all other natural perils) or matters relating to or affecting the construction of the bridge or which may arise during the course of construction of the bridge, including cessation of work on the bridge for any cause for a period of more than ninety days, any or all of which, in our opinion, renders inadvisable the offering of any of said bonds to the public by us, we shall have the right to terminate our obligations under this agreement upon giving notice in writing to you, and upon such notice all obligations of either of us shall cease and determine and neither shall have any claim against the other.

3. This proposal, when accepted by you, shall constitute the sole agreement between us with respect to the subject matter hereof and shall not be subject to modification, alternation or abandonment, in whole or in part, except only by a writing executed with the same formalities as this instrument. It is expressly understood that there are no promises, terms, conditions or obligations referring to the subject-matter hereof other than as contained herein. No waiver by us of any breach by you of any term or condition of this agreement shall be

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

construed as a waiver of any subsequent breach of such term or condition, or other term or condition of the same of a different nature.

Time is of the essence of this agreement and of each and every term and condition hereof. It is understood that the liability of the undersigned hereunder shall be separate and each of the undersigned shall be deemed to have a one-fourth interest and shall be subject to a one-fourth liability hereunder, and no one of the undersigned shall be responsible for any default on the part of any of the others.

If the foregoing offer is satisfactory to you, kindly confirm the same in the appropriate space below, whereupon this agreement shall be binding upon us for the sale and delivery of said bonds in accordance with the terms hereof.

Very truly yours,

BANKAMERICA COMPANY,

By M. S. PROSSER

Asst. Vice Pres.

W. H. McGRATH, Vice Pres.

BLYTH & CO., INC.,

By J. L. OSBORNE

DEAN WITTER & CO.,

(a co-partnership)

By CLAY H. SORRICK

(co-partner)

WEEDEN & CO

By NORMAN D. WEEDEN

Vice President

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 90—(Continued.)

Approved as to legality. Substance is identical with the tentative agreement heretofore made.

GEORGE H. HARLAN

Attorney, Golden Gate Bridge and Highway District.

Accepted, confirmed and approved:

GOLDEN GATE BRIDGE AND
HIGHWAY DISTRICT

[Seal]

By WILLIAM P. FILMER

President

By W. W. FELT, JR.

Secretary

.....

As and constituting a Majority of the Board of Directors of the Golden Gate Bridge and Highway District.

The foregoing instrument is a correct copy of the original on file in this office.

Attest this.....day of.....193...

.....

Secretary of the Board of Directors of the Golden Gate Bridge and Highway District.

[Endorsed]: Filed Oct. 20, 1942.

(Testimony of William J. Felt, Jr.)

PLAINTIFF'S EXHIBIT 91

[Stamped]: Copy

Resolution No. 115

Resolved that the report of the Finance Committee this day filed with the Secretary of this Board, be received and approved and that the recommendations of the Committee be carried out and are hereby authorized as follows:

That the Auditor is directed to set up the proper procedure in the matter of the auditing and payment of claims as provided by Section 12 of the Bridge and Highway District Act.

That a Revolving Fund of \$100.00 be established in the hands of the Secretary. That the General Manager authorized and directed to provide a suitable place for the safe-keeping of important documents of the District.

That a Revolving Fund of \$250.00 be provided in the hands of the General Manager for the purchase of stamps for the use of the Officers of the District. That pursuant to Resolution No. 96 the claim of Captain Savage for expenses for trip to Washington in the sum of \$1270.30 be allowed and that said claim be paid in an amount less a cash advance of \$450.00 leaving a balance due of \$820.30. That the
is

General Manager hereby/authorized and instructed to provide for the payment of salaries of stenographers semi-monthly.

(Testimony of William J. Felt, Jr.)

And that the following is hereby established as the budget allowance for the information bureau for the time from August 15th to November 4th, 1930:

1. Office Help	\$ 500.00
2. Rent	300.00
3. Lights, etc.	200.00
4. Rent of Furniture	200.00
5. Signs, etc.	200.00
6. Rotogravure	2,100.00
7. Printing Report	2,500.00
8. Mimeographing Report	300.00
9. Radio	2,000.00
10. Two Field Men to Cover Vets. and Legion.....	1,200.00
11. Advertising in Press	5,000.00
12. Mailing	2,000.00
13. Chairman of Speaker's Bureau	
Mr. Miner Chipman	1,500.00
14. Director of Publicity and Two Assistants,	
Mr. Dunbar	1,900.00
15. Director of Bureau of Information	
Mr. Duncan	1,000.00
16. Twenty Talking Motion Picture Strips	1,500.00
17. Miscellaneous	2,600.00
	<hr/>
	\$25,000.00

Passed this 16th day of September, 1930 by the following vote of the Board:

Ayes, Directors Trumbull, O'Brien, Maxwell, Filmer, Henry, Keesling, Shannon, McMinn.

Noes, Directors None.

Absent Directors Westbrook, Stanton, Welch and Doyle.

(Testimony of William J. Felt, Jr.)

Approved this 16th day of September, 1930.

W. P. FILMER

President of the Board of Directors

Attest:

W. W. FELT, JR.

Secretary of the Board of Directors

The foregoing instrument is a correct copy of the original on file in this office.

Attest this.....day of.....193.....

.....

Secretary of the Board of Directors of the Golden Gate Bridge and Highway District.

[Endorsed]: Filed Oct. 20, 1942.

A resolution was passed by the board declaring the necessity for submitting a bond issue to the electors and setting up the machinery for the election. The District was to bear all costs. There was a bond committee created, finance committee, and various committees of that kind. There was also a Bureau of Information and a Speaker's Bureau which operated through the District at the expense of the District. There was a period of time after the election before the bonds were sold various propositions were submitted.

Negotiations for the sale of the first \$3,000,000 were initiated by Mr. Filmer with Mr. William

(Testimony of William J. Felt, Jr.)

F. Morrish of the Bank of America. The committee was authorized to go to the Bank of America and meet with Mr. Giannini. These negotiations ultimately resulted in the Bank of America taking the bonds.

I was present at the negotiations with the Bank of America Company. The negotiations were carried on when the first sale of \$3,000,000.00 was agreed upon. It was initiated by our Mr. Filmer with William P. Morrish of the Bank of America. Mr. Filmer and Mr. Morrish discussed the matter and a committee was authorized to go to the Bank of America and meet with Mr. Giannini. The committee included four or five and I was one of the members. That resulted ultimately in Bank of America taking the bonds. Defendant Meyers did not appear at that meeting. He was not mentioned. [264] I had heard his name by that time, that is all. There was nobody present except the members of the board and members of the bank.

I know of nothing that defendant Meyers did with respect to obtaining the appointment of Mr. Strauss as engineer. I had never heard of Mr. Meyers until, I believe, immediately preceding the appointment. I then heard his name mentioned by Congressman Welch, at the Palace Hotel. Mr. Welch is a member of Congress from the city and county of San Francisco and a member of the Board of Directors of the Bridge District, at that time and still is. Something was said about Meyers when his name was mentioned concerning his con-

(Testimony of William J. Felt, Jr.)

nection or influence and that he expected to obtain the appointment of Mr. Strauss.

Going back to where we were yesterday, I think, I heard Meyers mentioned shortly after Strauss was appointed engineer and not before. I have no recollection of ever hearing of him before the appointment.

Defendant's Exhibit 92 is a letter from the Secretary of War, dated December 20, 1924, addressed to the Chairman of the Commercial Development and Trans-Bay Bridge Committee of the Board of Supervisors of the City and County of San Francisco. It is now part of the official records of the Golden Gate Bridge District and was received by me on December 11, 1929 and filed as part of the records. This letter is the consent by the Secretary of War to build the bridge across the Golden Gate straits. It is the basic permit.

PLAINTIFF'S EXHIBIT 92

(Copy)

War Department

Washington

December 20, 1924

Chairman, Commercial Development and Trans-Bay Bridge Committee,
Board of Supervisors of City and County of San Francisco,
San Francisco, California.

Dear Sir:

Under date of March 31, 1924, you applied through the District Engineer for approval of the

(Testimony of William J. Felt, Jr.)

plans for a bridge to be constructed across the Golden Gate, San Francisco Bay, in behalf of the City and County of San Francisco and the County of Marin of the State of California. Your application has received full consideration by the War Department, and I am pleased to inform you that the project as a whole meets with my approval, subject to the following comments:

Since this bridge connects two military reservations there was a military question involved which prevented it being handled in the ordinary manner and final action taken by the Chief of Engineers and the Secretary of War only, as would have been the case if the question of the interests of navigation alone had been the only one to consider. The objections to the bridge from the military point of view can be eliminated if the City of San Francisco and the counties interested in its construction will bear all the expense connected with the moving, rebuilding and replacing of elements of the defensive and other military installations damaged by such construction; will bear the expense of construction and maintenance of approaches to the bridge; will give the United States complete control over the bridge in time of war; will permit Government traffic at all times free of charge; will make provision for wire and pipe lines on the bridge for War Department use free of charge; and will subject the construction of the bridge and its approaches, so far as such construction relates to the military defenses of the harbor and the military reservations affected, to the direc-

(Testimony of William J. Felt, Jr.)

tion of the Secretary of War or his authorized representative, the District Engineer, 1st San Francisco District.

It is understood that you will proceed with your plans and will submit applications for the definite permits necessary before actual construction can commence. These are:

(1) Approval by the Chief of Engineers and the Secretary of War of detailed plans of the bridge;

(2) Permits from the Secretary of War for rights of way across the military reservations, Fort Baker on the north and the Presidio, San Francisco, on the south;

(3) A permit for the temporary occupancy of certain areas on the two military posts necessary for construction activities.

The application for the approval of the plans for the bridge should be submitted to the U. S. Engineer Office, 1st District, San Francisco. The other applications may be submitted direct to the Assistant Secretary of War. All applications should be for a definite and settled project, and it is suggested that the exact site of the bridge and location of approach roads must be determined, after consultation with the Commanding General of the 9th Corps Area, before applications for the rights of way and the temporary use of land are submitted in order that the exact metes and bounds of the territory required may be given. When these ap-

(Testimony of William J. Felt, Jr.)

plications are received they will be given immediate attention.

Very truly yours,

(Signed)

Secretary of War.

[Endorsed]: Filed Oct. 21, 1942.

Government's Exhibit 93 is a part of my official files and record and refers to the right of way across the property held by the Treasury Department in the City of San Francisco, a military reservation.

PLAINTIFF'S EXHIBIT 93

(Copy)

Treasury Department
Washington,

July 3, 1930

Golden Gate Bridge and Highway District,
Mr. J. J. Underwood, Authorized Agent,
#621-22 Colorado Building,
Washington, D. C.

Gentlemen:

This Department is in receipt by reference from the Public Health Service of your letter of May 27th making application for a right-of-way across the southeast corner of the Marine Hospital Reservation in San Francisco, California, for use in connection with the construction of the proposed highway approach to the Golden Gate Bridge to be constructed across the Golden Gate, San Francisco, Bay. It is noted that the War Department has

(Testimony of William J. Felt, Jr.)

approved the construction of the proposed bridge and that the Public Health Service has no objection to granting the desired right-of-way, which is described as follows, insofar as it affects the Marine Hospital Reservation:

A right-of-way seventy five (75') feet on either side of a center line which starts at a point on the southerly boundary of the Presidio of San Francisco two hundred and fourteen (214') feet more or less, easterly of the center line of the main entrance to the Marine Hospital ground at 14th Avenue thence north fifteen degrees forty five minutes east a distance of seven hundred and thirty (730') feet thence curving to the left ninety three degrees on a four hundred and sixty (460') foot radius for a distance of seven hundred forty six and seventy five hundredths (746.75') feet thence north seventy seven degrees fifteen minutes west a distance of two hundred fifty six and ninety nine hundredths (256.99') feet thence curving to the right four degrees and six minutes on a radius of eleven hundred (1100') feet for a distance of seventy eight and seventy one hundredths (78.71') feet intersecting the south easterly boundary of the Marine Hospital Reservation one hundred and twenty seven (127') feet more or less from the most northerly corner of the said Marine Hospital Reservation.

It is further noted that although the proposed right-of-way slightly overlaps the Station road and

(Testimony of William J. Felt, Jr.)

the right-of-way line runs through the pump house, it is not intended to disturb these features and that an ornamental fence separating Bridge Highway from Marine Hospital will be installed; also that the Golden Gate Bridge and Highway District is the legatee of the City and County of San Francisco and was created under a State law for the purpose of distributing the cost of the bridge among the counties that would be its principal beneficiaries.

This Department is without authority to dispose of land under its custody, or to grant an easement in the property of the United States, without express legislative authority. It is empowered however, in proper cases to give a license, revocable at the will of the Secretary of the Treasury, to use the Government's property whenever such action is deemed advisable.

Pursuant to such authority, a license, revocable at the will of the Secretary of the Treasury and subject to the terms of the attached printed "Conditions Governing Revocable Licenses", etc., is hereby given you to use as a right-of-way that portion of the Marine Hospital Reservation above described.

A copy of this letter has been forwarded to the Public Health Service; also to the Custodian of the Marine Hospital for his files.

Respectfully,
(Sgd.)

Assistant Secretary of the Treasury.

[Endorsed]: Filed Oct. 21, 1942.

(Testimony of William J. Felt, Jr.)

Government's Exhibit 94 is part of the records of the District. I am familiar with Mr. Strauss' signature [265] and where his signatures appear they are his. These are the reports that he rendered to the District as chief engineer. Exhibit 94 admitted in evidence on stipulation that copies could be substituted for the originals at the close of the trial.

PLAINTIFF'S EXHIBIT No. 94

[Letterhead]

Golden Gate Bridge and Highway District

[Longhand]: Filed May 14th, 1930. W. W. Felt, Jr., Secty, Golden Gate Bridge & Highway Dist.

REPORT OF CHIEF ENGINEER

April 8 to May 14, 1930.

To the Board of Directors

Golden Gate Bridge & Highway District
San Francisco, California

Gentlemen:

I beg herewith to submit my progress report for the past month.

With the completion of the surveys, soundings and borings, work on the final design of the bridge was begun, based on general conditions established at the meeting of the Board of Engineers at San Francisco on February 12, 1930.

Taking advantage of the fact that Professor Derleth was East on other business during the month

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

of April, I called a further meeting of the Board in New York, at which time all members were present, including Mr. Ellis of my staff and Mr. John Eberson, architect. At this meeting, the design having been carried far enough by that time to determine the final lines and specifications, these were reviewed and brought into final form, thus permitting the work on the detail drawings to be proceeded with.

The detail design computations, the checking of these computations, the detail drawings and the checking of these drawings, are now being carried out in my office with a force of approximately 20 men giving their full time to this work.

The number of structural plans will total approximately twenty-five, the number of maps six, and the number of architectural plans six. The work involved is so great that I find it will be impossible to complete it in time for the bond election in August and I therefore recommend postponement of the election till Fall.

The Chief Engineer's report, which I am carrying along consecutively with the rest of the work, will involve a large amount of text, as well as the drawings, computations, traffic studies and other pertinent data, likewise references, photostats, graphs, etc., and will be a complete presentation of the project in all its phases.

The field work is still being carried on under the

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

direction of Captain Savage. The traffic study, under the direction of Mr. Taylor is progressing satisfactorily and with gratifying results. The studies on the roads have been completed and conferences with the State Highway Commission have been conducted for the past two months; likewise conferences with the United States government in reference to the details, rights of way through the military reservations and approval of clearances. I have retained Mr. John J. Underwood as a special representative at Washington to facilitate the discussion of these details with the government.

Another meeting of the Engineering Board will be held in Chicago on or about the first week in June at which time the plans will be sufficiently advanced so that the details can be passed upon by the Board, subsequent to which it is planned to have the Consultants arrange for independent checking of the design and the estimates of cost, as well as for a review of all the items of the report.

Our progress has been very gratifying and we have occasion to be well satisfied with the situation, including the cost estimate and the traffic revenues as they are developing.

Respectfully submitted

JOSEPH B. STRAUSS

Joseph B. Strauss

Chief Engineer

JBS N

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

[Longhand]: Filed June 25th, 1930. W. W. Felt, Jr., Secty, Golden Gate Bridge & Highway Dist.

REPORT OF CHIEF ENGINEER

of June 25, 1930

The Board of Directors,
Golden Gate Bridge & Highway District,
San Francisco, California.

I beg to report that during the past month progress has been made to a most satisfactory degree. Work has been concentrated on the design, the computations and the plans. All the plans have been completed in pencil, the tracings are well under way, and the second checking, namely the independent check by the consultants, has been started.

The general draft of the text of the report has been completed, and the final revision of same started. The architectural studies have been carried on simultaneously with the structural drawings and the report, and are 95% completed.

A meeting of the Engineering Board was held at Chicago on June 12 and 13, with all the consultants present, as well as the Chief Engineer, the Traffic Engineer and the Architect. At this meeting a draft of the Chief Engineer's report was presented, thoroughly discussed, analysed, modified and approved.

At this meeting also all the plans were examined,

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

including the architectural studies, road maps, etc. and same were approved. The method of construction of the San Francisco pier was investigated and in general approved. The estimate of costs was also examined in its tentative form, and unit prices agreed upon.

The question of operating and maintenance costs was considered, and a tentative schedule worked out for further study. All of the work is now in such shape that the plans and estimates, as well as the report, barring unforeseen delays, can be completed and presented to the Board at its August meeting.

The Chief Engineer, with Mr. Harlan, went to Washington during the month, to discuss with the Chief of Engineers of the United States Army, the submission of the plans for approval in accordance with the provisions contained in Secretary Weeks' letter of December 20, 1924. These plans will be presented at a public hearing in the City Hall on June 30, 1930.

There have been further conferences with the California State Highway Commission in reference to the construction of the connecting highways leading to the Bridge, and satisfactory progress has been made in this respect.

A great deal of cororally work in connection with the project has been done, including the substantial completion of the Traffic Engineer's Report, showing that on the most conservative basis pos-

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)
sible, the earnings of the Bridge will make it self-supporting from the outset.

I am gratified to be able to state the entire project is in a most satisfactory state.

Respectfully submitted,

JOSEPH B. STRAUSS

Chief Engineer,

Golden Gate Bridge & Highway District.

San Francisco,

June 25, 1930.

[Stamped]: Filed Golden Gate Bridge and Highway District. Aug. 27th, 1930. W. W. Felt, Jr., Secretary.

[Letterhead]

At the end of the trail stands the historic

Palace Hotel, San Francisco

San Francisco

August 27, 1930.

To the Board of Directors

Golden Gate Bridge & Highway District

San Francisco.

Gentlemen:

REPORT OF CHIEF ENGINEER

From June 25, 1930 to August 26, 1930

I beg to report that the preliminary work covering the preparation of the designs, plans and estimates for the Golden Gate bridge as specified in my contract of October 7, 1929, has now been com-

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

pleted, including the preparation of the Chief Engineer's report, and I am transmitting to you today the Chief Engineer's report divided into three volumes, Volume I being the report proper, Volume II being the Traffic Engineer's report and Volume III being the drawings.

The work thus completed comprises the design, the determination of stresses, the computation of the quantities of materials entering into the bridge proper and the approach structures between the ends of the bridge proper and the bridgeheads, the plaza layouts and toll house equipment, the connecting highways and all other parts of the work necessary to make it complete.

The report also includes the very exhaustive analysis of the traffic study made by Mr. Taylor, the architectural studies by Messrs. Morrow and Eber-son, the geological investigation by Prof. Lawson and considerations of regional planning by Mr. Hayler. It also includes a separate computation and check of design and cost by the Consulting Engineers, Messrs. Ammann, Derleth and Moisseiff. The range of investigation and work has been carried considerably beyond what was contemplated and embraced in my contract, but it was thought by all that this was desirable in order to have the information complete and exact so that criticism could be forestalled. I can assure the Board that no bridge project heretofore has received more exhaustive study or has had the benefit of the cooperative

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

efforts of a more representative group of authorities.

The work has extended over a period of one year and no effort has been spared by all those participating to produce the best possible result, and I feel that I can truthfully say that what has been accomplished is most gratifying, both from the standpoint of a superlative design, as well as from the standpoint of the assured financial success.

In order to meet the demands of the press and others desiring the information simultaneously as soon as it is released, I have prepared 12 copies of the Chief Engineer's report. One of these is the official document contemplated under my contract. The other eleven are for such purpose as the Board may elect, and since these are needed for publicity, I am billing the Board for their cost.

I also desire to call attention to the fact that the balance out of the payment of \$30,000 which was authorized by resolution at the June meeting to be paid me, is now due. The Board will recall that at that meeting a payment of \$25,000 was made me out of the \$55,000 then due, and I agreed to carry the work through on that basis, on condition that the remainder be paid on delivery of the report. Out of this balance is to be deducted \$14,809.00 to be paid to the Consultants directly by the Board, making the net payment to me \$15,191.00.

There is also due Mr. Moisseiff for his services in carrying out the independent check by the Con-

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

sulting Engineers, as ordered by the Board, the sum of \$1665.00.

It was understood that the Board would order the report printed as soon as it had been examined and approved, and in view of the overwhelming demand for immediate copies and in view of the fact that it was physically impossible for me to prepare more than twelve copies in time, I recommend that the printing of the report be authorized immediately.

I feel that the outcome of the negotiations with the government has been very satisfactory. I was extremely hesitant about the second hearing but once this was decided, I arranged to secure the necessary witnesses and to organize our case, with Mr. Harlan, with the result that we escaped all damage but an increase of ten feet in the vertical clearance.

I desire to call the attention of the Board here to the payment to be made to Admiral Harrison, New York, for his letter read into the evidence as a witness in our behalf, and which the Board suggested be deferred for a month or so. The amount was to be either \$50 or \$100. I suggest that \$50 be allotted for this purpose and be paid now.

We have had considerable difficulty in connection with the rights of way for approaches through the military reservation, and this has occupied a large part of my time for the last month. Three separate Boards were convened at the Presidio on this subject and the entire road and plaza layout

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

changed in order to meet the many difficult requirements of the military authorities. Ultimately a solution was reached which was approved by the local officers, and I am in hopes that at any moment, and possibly before this report is presented, we may have the final approval of the roads. If not, however, it is only a question of detail alignment, since the right of way through the military reservation is assured by the letter of Secretary Weeks, and also by the present administration.

The official document or permit for the structure has been delivered to me and I am herewith delivering it to the Board. Copies of this document are included with the report. The official document for the roads is a special document which requires the action of the Adjutant General as well as the Quartermaster General, involving as it does a description of the rights of way and certain legal phases, and this instrument is now being prepared and should be in our hands shortly. One difficulty with the roads was the fact that this question affects so many different interests of the War Department, whereas the question of clearances was entirely in the hands of the Chief Engineer.

In connection with this matter, we consulted with both the City and County of San Francisco and the State Highway Commission in order that we might have thorough accord between these two public entities and the War Department and the District, and barring minor detail questions, a general understanding and agreement has been reached covering

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

the general alignment of these roads, the point at which they discharge their traffic and the disposition of this traffic.

We have been equally successful in the plan to obtain a commitment from the State Highway Commission for the construction of the main approach roads on both sides of the Golden Gate. Originally there was considerable doubt in the minds of the officers of the District of the ability to have this part of the work taken over by the State Highway Commission, and it was thought for a considerable period that in any event we would not be able to secure a commitment for more than the north side road. I felt, however, from the outset, that these roads were a part of the State Highway system which the bridge links up and that therefore it was obligatory upon the Highway Commission to construct them, and this view finally prevailed. A certified copy of the resolution of the Highway Commission to this effect will be found in the report.

Upon my recommendation, the Board authorized the creation of a Bureau of Information for the purpose of disseminating information concerning the bridge to the voters in the best possible manner. Mr. Duncan, who was appointed the Director of this Bureau has organized this work with efficiency and speed and has established the Bureau with offices in the De Young Building at 690 A Market Street. The quarters not only provide working offices for the Director, Chief Engineer, Auditor and

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

Secretary, as well as available space for all the other officers of the District and for the working staff required in the conduct of the information campaign, but likewise provide a Board Room for meetings of the Directors, so that all the activities of the District can be centered there. These headquarters also provide the necessary facilities in respect to signs and other devices for bringing the work of the District to the attention of the electors.

I cannot too strongly emphasize the importance of this phase of the work, for from this point on the success of the project depends upon the work which the Bureau of Information will perform. I am prepared to cooperate with Mr. Duncan to the fullest extent and to devote practically all of my time for the next six weeks to this phase of the undertaking, and I believe it is highly essential that during the same period we likewise have the full cooperation, services and helpfulness of all the members of the Board and its officers.

Captain Savage who was authorized by the Board to go to Washington in order to assist in expediting the securing of the permits, has performed excellent work. He is still there, it having been deemed feasible to keep him there until the road permits were granted. The District advanced Captain Savage some \$400 and I have likewise advanced him an equal amount, which amount is to be reimbursed to me. It was expected Captain Savage would not have to remain longer than two weeks but the difficulty with the roads has lengthened his stay to

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

six weeks, and it will probably be a week more before his return.

I wish to express my appreciation of the helpful cooperation I have received from the members of the Board, from the Consulting Engineers, and the Consultants in general, as well as from my own staff. Mr. Dunbar has been efficient in connection with the publicity, and I desire to express my especial thanks to Mr. Duncan and Mr. Taylor who have done much more than they were obligated to do, out of their interest in the work, and who have been a great help to me.

Respectfully submitted,

JOSEPH B. STRAUSS

Chief Engineer

Golden Gate Bridge & Highway District

JBS N

[Stamped]: Filed Golden Gate Bridge and Highway District. Dec. 10th, 1930. W. W. Felt, Jr., Secretary.

STRAUSS ENGINEERING CORPORATION

December 10, 1930.

The Board of Directors,
Golden Gate Bridge and Highway District,
San Francisco, California.

REPORT OF THE CHIEF ENGINEER

From Nov. 12th to Dec. 10th, 1930.

Gentlemen:

Very satisfactory progress has been made since the

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

last Board meeting. Subsequent to that meeting, the chart covering the organization of the engineering work has been revised and approved by the General Manager and a copy thereof is hereto attached.

I have also prepared a written outline of the Engineering Procedure specifying in detail the various subdivisions of the work covered by this chart and this likewise has been examined and approved by the General Manager and a copy of same is hereto attached.

Referring to the time schedule, I am advised by the Attorney that the time for the reception of tenders may have to be extended to February 15th or thereabouts in view of certain formalities required in connection with the bonds. It is planned, however, to furnish the bidders advance copies of the plans and specifications as soon as they are completed, so as to expedite the preparation of their bids when tenders are called for.

I beg to call attention to the fact that I have established the office of the Strauss Engineering Corporation and myself at 700 Financial Center Building. This will also be the office of the Executive Division as per chart and where the work assigned to that division will be carried out. Mr. Mason D. Pratt will be the Office Engineer in charge. Mr. Pratt was formerly Chief Engineer of the United Railways of Baltimore and has for many years past been Consulting Engineer to the Fidelity

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

Casualty Company on the Pacific Coast. He is a man of exceptionally broad experience.

I have placed two surveying parties in the field under the direction of Mr. W. J. Evans, of the original surveying staff. These parties have been at work since November 19th in making the final surveys of the bridge terminals. As soon as these surveys can be plotted, the amplification of the plans for the steel approaches, including the roads, will be begun in the San Francisco office.

I am also negotiating with engineers from the U. S. Coast and Geodetic Survey to take charge of the triangulation work and verify, with their precision methods, the absolute location of piers and anchorages.

The Computation Division, under the direction of Mr. Charles A. Ellis, and the Plans Division, under the direction of Mr. C. E. Paine, both of my staff, have made excellent progress at the Chicago office in the work of amplifying the plans for the tenders. Mr. Paine recently spent 10 days with me here, at which time I went over the plans and specifications very thoroughly and outlined the amplification necessary for bidding and also modifying certain details such as the fender of the San Francisco pier and the San Francisco anchorage to better results and reduce time of construction.

I have retained Mr. Russell G. Cone to take charge of the work in the field as Resident Engineer when construction begins. Mr. Cone has been General

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

Manager of the Tacony-Palmyra bridge, New Jersey, and was formerly Resident Engineer on the Philadelphia-Camden bridge and on the Ambassador bridge at Detroit. He is exceptionally qualified for this office.

I have placed Mr. W. W. Morrow, of San Francisco, in charge of the Architectural Division and the development of the architectural treatment is being carried forward in the San Francisco office simultaneously with the remainder of the work, as is necessary.

Copies of the present preliminary plans have been furnished, on request, to various contractors, both local and outside of San Francisco, as advance information, together with other data relating to the project, so that they may inform themselves as fully as possible.

Jointly with Mr. MacDonald and Mr. Harlan, I had a conference last week with Mr. Purcell, the newly reappointed State Highway Engineer, to establish the procedure for the construction of the main approach roads to the bridge by the State Highway Commission in conformity with their resolution to construct the North and South main approaches. As a result, the necessary steps are now being taken whereby the State Highway Commission will initiate the construction of these roads and so build them as to make them ready for use prior to the completion of the bridge.

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

The necessary steps have also been taken with the War Department for certain detail modifications in the road permit through the military reservations to the bridge on the San Francisco side. This matter has been taken up, both at Washington through my representative, Mr. J. J. Underwood, and locally, and a meeting on this subject will be held with General Craig at the Presidio tomorrow. No difficulty is expected in effecting a satisfactory adjustment of the final alignment and layout of these roads to the preliminary alignment and layout. Likewise, the application for the temporary occupancy of the military reservations required when construction commences has now been prepared for filing.

The engineering work is thus progressing in all of its phases rapidly and systematically and in a highly satisfactory manner. I am maintaining close contact with the Consultants. I am maintaining a Bureau of Information for the public and am replying to the many communications from all over the country and the local inquiries for general information on this project.

Respectfully submitted,

JOSEPH B. STRAUSS

Joseph B. Strauss

Chief Engineer.

JBS:B

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

[Letterhead]

Golden Gate Bridge and Highway District

October 8, 1930.

The Board of Directors,
Golden Gate Bridge & Highway District,
San Francisco, California.

REPORT OF THE CHIEF ENGINEER

From Sept. 9, 1930 to Oct. 9, 1930.

Dear Sirs:

The engineering work performed during the past month has been in connection with the United States Government on the road permits. It has been very difficult to get unanimity of action in the War Department on these road permits because of the different departments affected, and it has required a great deal of labor and patient effort to bring about a common understanding. At the present writing, it appears that the difficulties have been adjusted and that final approval will be received in a few days.

Studies have been continued on the estimates of costs for the main approach roads in order to check with the cost estimates of the State Highway Commission, which is to build these main approach roads. Minor adjustments are being made on these main approach roads to agree with final changes in the connecting state highways with which these approach roads connect.

I have been investigating the local facilities for the

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

fabrication and launching of the steel cofferdam of the San Francisco pier and also investigating other local facilities for the handling of various parts of the work.

I have, during the past month, been reviewing the general plans and checking over some of the details for which time was not available heretofore, making minor changes here and there which, however, do not affect the cost.

I am also maintaining contact with the engineering board, keeping them informed of all important steps as they develop.

I have started the drafting of the bidding specifications so as to gain time in calling for tenders if the bond election carries.

Aside from the engineering work, I have devoted my time to cooperating with the Bureau of Information, furnishing them with data they have required in connection with their informative service.

The demand upon me in this connection has occupied the greater part of my time for the past 30 days.

Respectfully submitted,

JOSEPH B. STRAUSS

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JBS:B

Chief Engineer.

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

[Stamped]: Filed. Golden Gate Bridge and Highway District. Sept. 10, 1930. W. W. Felt, Jr., Secretary.

[Letterhead]

At the end of the trail stands the
historic Palace Hotel, San Francisco

September 9, 1930.

Board of Directors

Golden Gate Bridge & Highway District

San Francisco

Dear Sirs:

REPORT OF CHIEF ENGINEER

From August 27, 1930 to September 9, 1930.

I have no formal report to make at this time other than to state that Captain Savage has returned from Washington, having completed the services there which the Board directed him to perform in connection with the government permits.

At the present time the only engineering work that is being performed is the preparation of the bidding specifications and the tabulating and filing of all the data which I have gathered during the past year, so that the records may be in proper form.

Mr. Porter rendered three days' work to Mr. Felt and Mr. Harlan in connection with the election details, and I sent Captain Savage up to Sacramento the last week-end to represent the District

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

at the exhibit of the Redwood Empire at the State Fair.

The one copy of Volumes I, II and III of the report and the copy of the original plans and estimates of cost, the original reports of the Consulting Engineers, the Consulting Geologist, Consulting Architect and the Regional Planning Expert, also the government permit and the Resolution of the State Highway Commission in respect to the approach roads have all been filed with the Secretary of the District.

There is no more work for either Captain Savage or Mr. Porter to perform in connection with the engineering until after the bond issue. There is, however, plenty for them to do in connection with the bond issue campaign and they have been serving Mr. Duncan in this capacity at the Bureau of Information during the past week. I should like to have some statement from the Board as to whether it approves of this arrangement. I am also prepared to devote my time for the next two months to the bond issue campaign if the Board so desires.

Respectfully submitted,

JOSEPH B. STRAUSS

JBS N

Chief Engineer,
Golden Gate Bridge &
Highway District.

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

Filed: Golden Gate Bridge and Highway District.
Dec. 10th, 1930. W. W. Felt, Jr. Secretary

Copy

Strauss Engineering Corporation

December 10, 1930.

The Board of Directors,
Golden Gate Bridge and Highway District,
San Francisco, California.

REPORT OF THE CHIEF ENGINEER

From No. 12th to Dec. 10th, 1930.

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Plaintiff's Exhibit No. 94—(Continued)

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(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

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JBS :B Chief Engineer

(Copy)
Golden Gate Bridge & Highway District
Information Bureau
690-A Market Street
San Francisco
October 8, 1930.

The Board of Directors,
Golden Gate Bridge & Highway District,
San Francisco, California

REPORT OF THE CHIEF ENGINEER

From Sept. 9, 1930 to Oct. 9, 1930.

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Plaintiff's Exhibit No. 94—(Continued)

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Plaintiff's Exhibit No. 94—(Continued)
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JBS:B

Chief Engineer.

Filed Golden Gate Bridge & Highway District
Sept. 10, 1930. W. W. Felt, Jr. Secretary

September 9, 1930.

Board of Directors
Golden Gate Bridge & Highway District
San Francisco

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JBS:N

Chief Engineer,
Golden Gate Bridge &
Highway District

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

Filed: Golden Gate Bridge and Highway District. Aug. 27th, 1930. W. W. Felt, Jr. Secretary

San Francisco

August 27, 1930.

To the Board of Directors

Golden Gate Bridge & Highway District

San Francisco.

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REPORT OF CHIEF ENGINEER

From June 25, 1930 to August 26, 1930

I beg to report that the preliminary work covering the preparation of the designs, plans and estimates for the Golden Gate bridge as specified in my contract of October 7, 1929, has now been completed, including the preparation of the Chief Engineer's report, and I am transmitting to you today the Chief Engineer's report divided into three volumes, Volume I being the report proper, Volume II being the Traffic Engineer's report and Volume III being the drawings.

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Plaintiff's Exhibit No. 94—(Continued)

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The work has extended over a period of one year and no effort has been spared by all those partici-pating to produce the best possible result, and I feel that I can truthfully say that what has been accomplished is most gratifying, both from the standpoint of a superlative design, as well as from the standpoint of the assured financial success.

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Plaintiff's Exhibit No. 94—(Continued)

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Plaintiff's Exhibit No. 94—(Continued)

Mr. Harlan, with the result that we escaped all damage but an increase of ten feet in the vertical clearance.

I desire to call the attention of the Board here to the payment to be made to Admiral Harrison, New York, for his letter read into the evidence as a witness in our behalf, and which the Board suggested be deferred for a month or so. The amount was to be either \$50 or \$100. I suggest that \$50 be allotted for this purpose and be paid now.

We have had considerable difficulty in connection with the rights of way for approaches through the military reservation, and this has occupied a large part of my time for the last month. Three separate Boards were convened at the Presidio on this subject and the entire road and plaza layout changed in order to meet the many difficult requirements of the military authorities. Ultimately a solution was reached which was approved by the local officers, and I am in hopes that at any moment, and possibly before this report is presented, we may have the final approval of the roads. If not, however, it is only a question of detail alignment, since the right of way through the military reservation is assured by the letter of Secretary Weeks, and also by the present administration.

The official document or permit for the structure has been delivered to me and I am herewith delivering it to the Board. Copies of this document are included with the report. The official document

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

for the roads is a special document which requires the action of the Adjutant General as well as the Quartermaster General, involving as it does a description of the rights of way and certain legal phases, and this instrument is now being prepared and should be in our hands shortly. One difficulty with the roads was the fact that this question affects so many different interests of the War Department, whereas the question of clearances was entirely in the hands of the Chief Engineer.

In connection with this matter, we consulted with both the City and County of San Francisco and the State Highway Commission in order that we might have thorough accord between these two public entities and the War Department and the District, and barring minor detail questions, a general understanding and agreement has been reached covering the general alignment of these roads, the point at which they discharge their traffic and the disposition of this traffic.

We have been equally successful in the plan to obtain a commitment from the State Highway Commission for the construction of the main approach roads on both sides of the Golden Gate. Originally there was considerable doubt in the minds of the officers of the District of the ability to have this part of the work taken over by the State Highway Commission, and it was thought for a considerable period that in any event we would not be able to secure a commitment for more than the north side

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

road. I felt, however, from the outset, that these roads were a part of the State Highway system which the bridge links up and that therefore it was obligatory upon the Highway Commission to construct them, and this view finally prevailed. A certified copy of the resolution of the Highway Commission to this effect will be found in the report.

Upon my recommendation, the Board authorized the creation of a Bureau of Information for the purpose of disseminating information concerning the bridge to the voters in the best possible manner. Mr. Duncan, who was appointed the Director of this Bureau has organized this work with efficiency and speed and has established the bureau with offices in the De Young Building at 690 A Market Street. The quarters not only prove working offices for the Director, Chief Engineer, Auditor and Secretary, as well as available space for all the other officers of the District and for the working staff required in the conduct of the information campaign, but likewise provide a Board Room for meetings of the Directors, so that all the activities of the District can be centered there. These headquarters also provide the necessary facilities in respect to signs and other devices for bringing the work of the District to the attention of the electors.

I cannot too strongly emphasize the importance of this phase of the work, for from this point on the success of the project depends upon the work which the Bureau of Information will perform. I am

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

prepared to cooperate with Mr. Duncan to the fullest extent and to devote practically all of my time for the next six weeks to this phase of the undertaking, and I believe it is highly essential that during the same period we likewise have the full cooperation, services and helpfulness of all the members of the Board and its officers.

Captain Savage who was authorized by the Board to go to Washington in order to assist in expediting the securing of the permits, has performed excellent work. He is still there, it having been deemed feasible to keep him there until the road permits were granted. The District advanced Captain Savage some \$400 and I have likewise advanced him an equal amount, which amount is to be reimbursed to me. It was expected Captain Savage would not have to remain longer than two weeks but the difficulty with the roads has lengthened his stay to six weeks, and it will probably be a week more before his return.

I wish to express my appreciation of the helpful cooperation I have received from the members of the Board, from the Consulting Engineers, and the Consultants in general, as well as from my own staff. Mr. Dunbar has been efficient in connection with the publicity, and I desire to express my especial thanks to Mr. Duncan and Mr. Taylor who have done much more than they were obligated to do, out of their

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

interest in the work, and who have been a great help to me.

Respectfully submitted,

JOSEPH B. STRAUSS

Chief Engineer Golden Gate
Bridge & Highway District

JBS N

Filed: June 25th, 1930. W. W. Felt, Jr., Secy
Golden Gate Bridge & Highway District.

REPORT OF CHIEF ENGINEER

of June 25, 1930

The Board of Directors,
Golden Gate Bridge & Highway District,
San Francisco, California.

I beg to report that during the past month progress has been made to a most satisfactory degree. Work has been concentrated on the design, the computations and the plans. All the plans have been completed in pencil, the tracings are well under way, and the second checking, namely the independent check by the consultants, has been started.

The general draft of the text of the report has been completed, and the final revision of same started. The architectural studies have been carried on simultaneously with the structural drawings and the report, and are 95% completed.

A meeting of the Engineering Board was held at Chicago on June 12 and 13, with all the consultants

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

present, as well as the Chief Engineer, the Traffic Engineer and the Architect. At this meeting a draft of the Chief Engineer's report was presented, thoroughly discussed, analysed, modified and approved.

At this meeting also all the plans were examined, including the architectural studies, road maps, etc. and same were approved. The method of construction of the San Francisco pier was investigated and in general approved. The estimate of costs was also examined in its tentative form, and unit prices agreed upon.

The question of operating and maintenance costs was considered, and a tentative schedule worked out for further study. All of the work is now in such shape that the plans and estimates, as well as the report, barring unforeseen delays, can be completed and presented to the Board at its August meeting.

The Chief Engineer, with Mr. Harlan, went to Washington during the month, to discuss with the Chief of Engineers of the United States Army, the submission of the plans for approval in accordance with the provisions contained in Secretary Weeks' letter of December 20, 1924. These plans will be presented at a public hearing in the City Hall on June 30, 1930.

There have been further conferences with the California State Highway Commission in reference to the construction of the connecting highways leading to the Bridge, and satisfactory progress has been made in this respect.

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

A great deal of cororally work in connection with the project has been done, including the substantial completion of the Traffic Engineer's Report, showing that on the most conservative basis possible, the earnings of the Bridge will make it self-supporting from the outset.

I am gratified to be able to state the entire project is in a most satisfactory state.

Respectfully submitted,

JOSEPH B. STRAUSS

Chief Engineer, Golden Gate
Bridge & Highway District.

San Francisco,

June 25, 1930.

Filed: May 14th, 1930. W. W. Felt, Jr., Secretary Golden Gate Bridge & Highway District.

REPORT OF CHIEF ENGINEER

April 8 to May 14, 1930.

To the Board of Directors

Golden Gate Bridge & Highway District

San Francisco, California

Gentlemen:

I beg herewith to submit my progress report for the past month.

With the completion of the surveys, soundings and borings, work on the final design of the bridge was begun, based on general conditions established at the meeting of the Board of Engineers at San Francisco on February 12, 1930.

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

Taking advantage of the fact that Professor Derleth was East on other business during the month of April, I called a further meeting of the Board in New York, at which time all members were present, including Mr. Ellis of my staff and Mr. John Eberson, architect. At this meeting, the design having been carried far enough by that time to **determine the final lines and specifications**, these were reviewed and brought into final form, thus permitting the work on the detail drawings to be proceeded with.

The detail design computations, the checking of these computations, the detail drawings and the checking of these drawings, are now being carried out in my office with a force of approximately 20 men giving their full time to this work.

The number of structural plans will total approximately twenty-five, the number of maps six, and the number of architectural plans six. The work involved is so great that I find it will be impossible to complete it in time for the bond election in August and I therefore recommend postponement of the election till Fall.

The Chief Engineer's report, which I am carrying along consecutively with the rest of the work, will involve a large amount of text, as well as the drawings, computations, traffic studies and other pertinent data, likewise references, photographs, etc., and will be a complete presentation of the project in all its phases.

(Testimony of William J. Felt, Jr.)

Plaintiff's Exhibit No. 94—(Continued)

The field work is still being carried on under the direction of Captain Savage. The traffic study, under the direction of Mr. Taylor is progressing satisfactorily and with gratifying results. The studies on the roads have been completed and conferences with the State Highway Commission have been conducted for the past two months; likewise conferences with the United States government in reference to the details, rights of way through the military reservations and approval of clearances. I have retained Mr. John J. Underwood as a special representative at Washington to facilitate the discussion of these details with the government.

Another meeting of the Engineering Board will be held in Chicago on or about the first week in June at which time the plans will be sufficiently advanced so that the details can be passed upon by the Board, subsequent to which it is planned to have the Consultants arrange for independent checking of the design and the estimates of cost, as well as for a review of all the items of the report.

Our progress has been very gratifying and we have occasion to be well satisfied with the situation, including the cost estimate and the traffic revenues as they are developing.

Respectfully submitted,

JOSEPH B. STRAUSS

Chief Engineer

JBS N

[Endorsed]: Filed Oct. 21, 1942.

(Testimony of William J. Felt, Jr.)

Following receipt of the permit Captain F. E. Savage was employed by Mr. Strauss to follow up the matter. He made a trip to Washington and was paid by the District. There was some delay in the details for the definite permit, and Captain Savage went to see if he could expedite the issuance through the various departments through which it passed. I never heard of Mr. Meyers having anything to do with that permit. He was not employed by the board at any time.

Q. Handing you what is marked as Government's 95 for identification, I will ask you what this is if you know, Mr. Felt?

A. That is the final report made by Mr. Strauss, Chief Engineer, at the completion of the project.

Q. Is that an official report put out by the District?

A. Yes. It was authorized and paid for by the District.

Q. That constitutes an official report on the things it purports to report?

A. It does.

Mr. Hile: I offer that in evidence, if the Court please.

Mr. Simon: I would like to see it.

Q. (By Mr. Hile): With respect to the matter of a bridge bond election, Mr. Felt, the information was set up by the District, the Golden Gate Bridge District? [266]

A. That is correct.

Q. And do you know what, if anything, the defendant Meyers had to do with that?

A. I know of nothing.

(Testimony of William J. Felt, Jr.)

Q. Did you at any time ever hear the defendant Meyers had anything to do with the Golden Gate Bridge?

Mr. Johnson: I object to that as repetition, your Honor.

The Court: He may answer.

A. At what time? What period of time do you refer to?

Q. Well, I am referring to the whole period of time do you refer to?

Q. Well, I am referring to the whole period of time, as to whether or not you heard anything that was said whereby he was purported to be connected with the Golden Gate Bridge construction?

A. No.

Mr. Hile: I have no further questions, subject to this exhibit, your Honor.

The Court: Any objection, Mr. Simons?

Mr. Simon: Yes, your Honor. I object to it upon the ground that it is incompetent and as hearsay and it is irrelevant and not material to any issue in this case.

The Court: What is the purpose of the offer?

Mr. Hile: The purpose of the offer is to show by the official report of the District, through Mr. Strauss, who the persons were who were connected with the bridge, as shown by the official report.

The Court: In that the defendant's name does not appear?

Mr. Hile: Does not appear.

The Court: The objection will be overruled and exception allowed. [267]

(Testimony of William J. Felt, Jr.)

The final report by Mr. Strauss admitted in evidence and marked plaintiff's exhibit 95.

Cross Examination

By Mr. Simon:

The first definite permit for the Golden Gate Bridge was issued in October of 1930. I do not know when the first War Department permit was issued for the Trans-Bay Bridge. The two bridges were in process of construction about the same time, but they had no official connection one with the other. The Golden Gate Bridge cost \$35,000,000 and the Oakland Bay Bridge approximately twice as much. I do not know who first obtained the permit for the construction of a bridge between San Francisco and Oakland.

Defendant's Exhibit A-60 bears the signature of Joseph B. Strauss, I believe. Said exhibit admitted in evidence, and read to the jury by Mr. Simon. In selecting the engineer none of the applicants appeared in person before the board, with the exception of Mr. Strauss, after he had definitely been decided upon and nobody appeared in behalf of the applicants at any session of the committee.

Mr. Hile: I would like to make a brief statement about this document (Exhibit 94) that has been admitted, published by the Golden Gate Bridge & Highway District in 1938. There are no pages on it, but about the third page, letter on the stationery of Strauss & Payne, September 30, 1937, transmitting the final report of the Chief Engineer.

(Letter above referred to read to the jury by Mr. Hile.) [268]

WILLIAM THOMAS STANTON,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Sager:

I reside at San Francisco, California. I was a member of the Board of Supervisors there for eight years, from about 1925 to 1933. The board of supervisors received about thirty odd applications for a permit to build the Oakland, San Francisco bridge. The City of San Francisco had the right to grant the franchise and to have the applications submitted to the board of supervisors. We had lengthy hearings which lasted quite a while and at the conclusion all applications were thrown out, and the state of California carried out the project. I did not know of Dr. Meyers as making any of those applications. He did not appear before the board in behalf of any of them that I can remember. His name did not appear among the names of any of the applicants, that is speaking of the Oakland bridge. I was director of the Golden Gate Bridge District for six years beginning in 1928. I was on the committee to select an engineer, to make recommendations for the selection of them. The other members were Mr. Trumble and Mr. McMinn. The duties of the committee were to interview the applicants and make recommendations to the board. Mr. Filmer, the chairman, sent invitations to all of the known outstanding bridge engineers to make their proposals

(Testimony of William Thomas Stanton.)

and they were submitted to the committee. Only two of the number appeared before the committee. They were Mr. Strauss and Mr. Modjeski. I do not remember that they appeared before the [269] board itself. I think there were about ten applications *they* were considered by the committee. I never heard of Mr. Meyers in connection with any of the applications. He never appeared before the committee or the board and he did not, to my knowledge, represent any of the applicants. He never talked to me while I was a member of the committee.

The committee recommended Joseph Strauss as Chief Engineer. The committee recommended Mr. Ammon and Mr. Moisseiff, and Mr. Derleth, Dean of Engineers of the University of California, as associate engineers and they were appointed. I think Mr. Strauss favored and requested Ammon and Moisseiff.

Neither Mr. Brennan nor Mr. Fritizie appeared before the committee nor did they represent any of these several applicants or speak to me personally on behalf of any of them, nor did they appear before the board at any time.

Before the bridge district was organized I went around to different improvement clubs and organizations that were willing to listen to me, speaking for the Golden Gate Bridge and trying to interest the people in it. In these efforts I never came in contact with Mr. Meyers nor did I see him at any of these meetings, nor did I ever hear of him in connection with the bridge district.

(Testimony of William Thomas Stanton.)

The City and County of San Francisco became a part of the bridge district while I was supervisor. They became a part by vote of the supervisors. There was never any concerted opposition to becoming a part of the district within the Board of Supervisors. It was a popular step. Dr. Meyers never appeared before the supervisors on behalf of the district. He never approached me personally. I never [270] heard that he had anything to do with any of the other supervisors. I took part in the bond election. I spoke wherever I was permitted in favor of the bonds and I was a member of the bridge district board at that time, as well as a member of the board of supervisors of San Francisco. I never saw Dr. Meyers at any of the places where I appeared and spoke. I know of no part that he took in the promotion of the bond election. I know who Meyers is. I met him at the Olympic Hotel at the time I was here to testify at the last trial. Before that time I had never heard of him but once. I had never heard of Dr. Meyers during the time the district was being formed, the bond election promoted and the construction was in progress.

I first heard of Meyers from Congressman Welch. I could not give the date. It was shortly after the appointment of Mr. Strauss. No one ever requested the appointment of Mr. Strauss before the committee other than Mr. Strauss that I can remember.

(Testimony of William Thomas Stanton.)

Cross Examination

By Mr. Simon:

There were some thirty applications for a franchise from the City of San Francisco to build the Oakland-San Francisco Bridge. I do not remember whether the New York & San Francisco Development Company was one of the applicants. I did know Judge Golden of the law firm, Rothschild and Golden very well. I remember that he appeared before the supervisors, but I do not remember for whom he appeared.

When the applications for the Oakland-San Francisco bridge was pending it was contemplated that the bridge would be built by some private company. It is true that Senator Johnson appeared before the body and urged that [271] it should be built as a state enterprise. As a result of that the applications were turned down en masse and it was decided to let the state go ahead.

There was a lot of opposition to the Golden Gate Bridge from certain big interests and from the ferry companies. They were owned by the Southern Pacific. An association of engineers opposed the construction of the bridge. There was some pressure against the bridge through the newspapers. Nobody needed to speak to me in behalf of the Golden Gate Bridge. Everybody knew that I was for it.

I heard of Mr. Struss' qualifications for years. He was out here long before I was associated with the bridge. He was engineer, I think, for the Burlingame Bridge. That company was one of the

(Testimony of William Thomas Stanton.)

thirty applicants I have testified about for the Oakland-San Francisco Bridge. I heard of the outstanding success of Mr. Strauss in building long-span suspension bridges.

Mr. Warren Shannon was a member of the board of bridge directors. He may have talked to me about Mr. Strauss in a general way. I knew Mr. Finn, former sheriff and member of the Legislature, very well. He may have talked to me in a general way concerning the approval of the Golden Gate Bridge project. He had nothing to do with getting the Board of Supervisors to approve the Golden Gate Project to my knowledge. He never talked to me about the selection of Mr. Strauss as engineer.

Redirect Examination

By Mr. Sager:

Mr. Finn never mentioned Harry Meyers to me. Judge Golden, whom I mentioned in connection with the San Francisco Oakland Bridge never mentioned Harry Meyers. The Ferry Companies and the Southern Pacific never ceased their opposition to the bridge until it became an actual fact. [272]

A. R. O'BRIEN,

a witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am a director of the Golden Gate Bridge District, and have been for fourteen years since its inception. I came from the county of Mendocino. I was interested in the bridge project before I became a member of the board, practically since its inception. It started about 1923, flared up, went down and came back again. I took part in some of these proceedings, in all of the situations in Mendocino County. There were meetings, and court trials and appearances before the Board of Supervisors. These are the trials mentioned by Mr. Harlan in his testimony. I ran a newspaper.

I never saw defendant Meyers prior to the organization of the board and never heard of him. I never saw him in any of the court proceedings. I was not a member of the Board of Supervisors of Mendocino County, but I was elected by them. I voted for Mr. Strauss as engineer. I had never heard of defendant Meyers before the vote. He never appeared before the Board of Directors at any time. I have been familiar with *Mrs.* Strauss' activities in connection with the bridge. He attended meetings, assisting in creating sentiment, and I think appeared and brought in some witnesses in the trial proceedings. I think he appeared along in 1923 to 1925 and continuously thereafter. He was the only one con-

(Testimony of A. R. O'Brien.)

sidered at any time for engineer without taking a vote. He came with the glory of the [273] George Washington bridge and the reputation as a bridge builder and that coupled with what he did toward organization assured his confirmation as soon as his name was mentioned. There was one difficulty. There was Mr. Modjeski, who made a bid, I think, one per cent lower than Mr. Strauss and it was agreed that if Mr. Strauss met that cut he would be given the job. He did meet it and that was the only obstacle and was overcome overnight.

After Mr. Strauss' appointment we had a publicity committee, speaker's bureau, and a bridge bureau in its entirety, all interlocked and working together. That was an activity of the Board of Directors and financed by the board. I was chairman of the publicity committee. We prepared advertisements and carried on a general campaign. In addition there was a speaker's bureau and in that Strauss participated. At no time did the board select Mr. Meyers to go as speaker. I never heard that he spoke in connection with the project. I know of nothing that Meyers had to do with the construction or the formative stages of the Golden Gate Bridge, or any connection whatsoever. I heard of him first between the time Strauss was named and the matter of two months after that. I never met him nor anybody who said he was a representative of Mr. Meyers. No person purporting to be a representative of Meyers appeared before the Board of Directors or any of its committees to my knowledge.

(Testimony of A. R. O'Brien.)

Cross Examination

By Mr. Johnson:

I do not purport to know everything that was done in connection with the bridge. There were a great many things done of which I had no knowledge. I did all I could. The general impression of every member of the board that I talked with was that Mr. Strauss would be the engineer. He was the [274] favorite.

The general and solidified opinion was that, "We will go for Strauss". Strauss was immediately talked about after it became apparent that the bridge would be voted on, which was over a period of a year. I individually made no investigation concerning the applicants for the position of chief engineer. I think Mr. Aman, one of the applicants, was chief engineer of George Washington bridge. I knew a Mr. Duncan who was a member of Mr. Strauss' end of the speakers bureau. I think he drew a salary right along from Mr. Strauss. He was supplied to us by Mr. Strauss.

I knew August Fritzie, Mr. Brennan and Louis Lurie. Defendant's Exhibit A-61, being a letter signed by Louis Lurie and addressed to H. Harry Meyers, was admitted in evidence. Mr. Louis Lurie is a capitalist and a very wealthy man who lives in San Francisco.

There were three consultant engineers for the bridge, Mr. Aman, Moisserff and Derleth. I do not recall that Mr. Aman was an applicant for the job of chief engineer, but he was appointed con-

(Testimony of A. R. O'Brien.)

sultant engineer, and I think he is a very eminent engineer, and I believe he, Moisserff and Strauss were together on the George Washington Bridge.

Re-direct Examination

By Mr. Hile:

I was acquainted with the major factors in the construction and the events preceding the construction of the Golden Gate Bridge. We tried to keep advised on everything. I was acquainted with the major personalities engaged in the promotion and those I do not know were just small individuals. Of the newspapers the Examiner, Call Bulletin and the News were for the bridge. The Chronicle maintained [275] a middle of the road policy for some time, but as matters developed all the papers were for the bridge. George Cameron of the Chronicle was connected with the Bay Bridge and helped to push that across in a hurry.

Recross Examination

By Mr. Johnson:

The Chronicle changed its attitude toward the bridge. There were many major things that went on so far as Strauss was concerned that I knew nothing about.

Re Re-Direct Examination

By Mr. Hile:

The Chronicle got in the middle of the road and sat there until it finally saw the way things were going and then they were favorable, but I don't know what changed the Editor's opinion. [276]

(Testimony of A. R. O'Brien.)

Stipulation Entered Into Between the Government
and the Defendant Concerning the Tabulation
of Collections by the Development Company,
Showing the Agreement of October 16, 1936,
and Admitted as Defendant's Exhibit A-62.

October 16 to 31, 1936	\$ 21,520.46
November	32,899.15
December	25,618.37
January, 1937	21,268.19
February	16,390.49
March	15,836.23
	<hr/>
	\$133,552.89
	[277]

ROBERT H. TRUMBULL,

A witness called on behalf of the plaintiff, after
having been first duly sworn, testified as follows:

Direct Examination

By Mr. Sager:

I live at Novatto, Marin County, California. I
was a director of the Golden Gate Bridge District
from 1928 until November, 1940. I was a member
of the engineering committee that considered the
applications for appointment as engineer of the
bridge. I think there were about ten applications.
Two of the applicants appeared before the commit-
tee—Joseph B. Strauss and Ralph Modjeski. They
did not appear in person before the board itself. I
do not recall any other. The consideration nar-

(Testimony of Robert H. Trumbull.)

rowed down to two, Ralph Modjeski and Joseph B. Strauss. The committee also considered consulting engineers and recommended to the board the employment of O. H. Ammon, who was chief of the port of authority of New York, Leon Moisseiff, whom we considered the mathematician, and Charles Derleth, who was the Dean of the Engineers of the University of California. Derleth was considered as interpreter and go-between the engineers and the board so that we could understand and discuss the engineering. He was also the local man.

The committee recommended that Mr. Strauss be employed because he was a competent engineer, had been familiar with the project for several years and had made preliminary surveys and had been within the district during the process of the trials, carried on to establish the district, and had been completely familiar with the project itself from start to finish. The board adopted the committee's recommendation. [278]

I first became interested in the bridge enterprise in 1916 when a man named James Wilkins of the San Francisco Bulletin wrote an editorial in the paper pointing out that a bridge could be built across the Golden Gate. I knew Wilkins very well and talked to him many times after that and became interested. In 1923 a meeting was called by Mr. Doyle in Santa Rosa. I had been invited to attend, but due to other business matters was not able to do so. From that time on I kept rather closely in touch with the proceedings to develop

(Testimony of Robert H. Trumbull.)

the bridge district. I attended various meetings and discussed with individuals the possibility of a bridge. I became keenly interested as a public spirited citizen. I represented Marin County. During all that time I never saw Dr. Meyers or heard of him. I think Mr. Strauss first became interested in 1919, but I did not have personal contact with him until I met him I think in 1925 in connection with the bridge promotion. It was after a meeting in San Rafael. I know he was definitely interested in the project and had in his own mind a definite plan to construct the bridge.

Mr. Strauss was considered by the engineering committee and the board very favorably as an engineer. Definite consideration was given him because he had been closely in touch with the proposal and had been familiar with the situation. He had taken preliminary soundings and made preliminary surveys. During the consideration of several applications by the engineering committee Mr. Meyers never appeared before the committee nor by an associate, and I did not hear of him in connection with the various applicants. He never approached me personally and never appeared before the board. [279]

I also was a member and chairman of the bonding committee to make proposals for selling the bonds at a figure and terms that would meet the approval of the bureau. Several firms made proposals. Mr. Meyers never appeared before the committee nor did his name appear with any of those

(Testimony of Robert H. Trumbull.)

who submitted proposals. His name was not at any time under consideration in the matter of selling bonds.

The first lot of \$3,000,000.00 worth of bonds was sold to the Bank of America. I think in the same month \$3,000,000.00 more were sold to that bank, and following that a syndicate set-up was formed of four San Francisco bond houses. We had conferences and meetings with representatives of this syndicate frequently. Mr. Meyers never appeared anywhere in these negotiations nor was his name mentioned in the conferences or anywhere in connection with the negotiations with the Bank of America. As a Director of the District I took part in setting up the procedure and carried the bond election. In the election campaign I spoke at several places with reference to the bonds. These were public meetings. I never saw Meyers at these meetings or heard of him, or his name mentioned.

I do not know that Meyers had anything to do with the actual construction of the bridge. I never heard of him in any capacity either during the construction or the preliminary formation of the district. I met Myers in the Palace Hotel one morning in the early stages of the bridge project. Mr. Strauss introduced me to him as I was in the lobby. Strauss did not say who he was or [280] anything about him. It was just an ordinary introduction. I think that was in the fall of 1929. I think Strauss was appointed in August, 1929.

(Testimony of Robert H. Trumbull.)

Cross Examination

By Mr. Simon:

The meetings I attended were in the Marin and Sonoma Counties on the north side of the Golden Gate. I was in San Francisco every day except Sunday. I took no active part in the passage of resolutions of the Board of Supervisors in San Francisco and had nothing particularly to do with the bond election in San Francisco county.

No applicant for engineer or any representative appeared before the full board. Mr. Strauss proposed to take the position at 5% fee. Modjeski offered to accept 4%. The committee decided to recommend Strauss if he would meet Modjeski's terms and he did. The board acted on the recommendation and worked out the details later as to compensation. There were 12 members at that time.

The discussion with reference to Mr. Strauss was mostly within our own board of directors.

After the bond election the next problem was to find a purchaser for the bonds. The bonds were authorized about November, 1930, but were not sold for a period of two years. Prior to the sale of \$3,000,000 there had been unacceptable bids submitted. I do not know what part Strauss had in obtaining acceptable bids. I know he was anxious, as we all were, to have the bridge financed so that work could progress, and if he did not have proper financing the engineering would cease. Proposals were made by Diamant and Rosoff. They were not

(Testimony of Robert H. Trumbull.)

accepted, however. I do not know what Strauss or Meyers did in securing prospective purchasers.

[281]

THOMAS MAXWELL,

A witness called on behalf of the plaintiff, after having been first duly sworn, testified.

Direct Examination

By Mr. Sager:

I live in Napa, California. I am a nursery man and farmer. I have been chairman of our board of supervisors since 1917.

I was a member of the Board of the Golden Gate Bridge District from January 1, 1929 to January 1, 1941.

I first became interested in the Golden Gate Bridge enterprise at a meeting at Santa Rosa in 1923. Thereafter I became a booster. I was interested with Frank L. Coons, Assemblyman for Napa County in promoting the bill through the legislature to permit the construction of a bridge, first across the Carquinez Straits and when that failed through the Golden Gate Bridge. Mr. Harlan drafted the bill and Coons handled it in the Legislature. I was a member of the board of supervisors and the formation of the district came before us.

After the preliminary stage in 1923 I appeared at public meetings over the period of years throughout Napa County as often as anybody would listen

(Testimony of Thomas Maxwell.)

to me. I never saw or heard of Mr. Meyers at any of these meetings. On the bridge board I was on the bond committee for financing the bridge and later on the building committee. Meyers never appeared in that picture either personally, by name or otherwise. I never heard of him in connection with my work on the bond committee. [282]

I took active part in my county in the bond election. I appeared at all service clubs throughout the county, at farm centers, colleges and chambers of commerce, explaining the merits of the bridge. Meyers never appeared at any of those meetings and I never heard of him at any of them, nor did he appear before the committees of which I was a member, or the board itself. I never heard of him in any connection with the bridge construction or in any of its preliminaries. I heard his name mentioned at a meeting of the bridge board after Strauss had been appointed but before his compensation had been fixed. Congressman Welch mentioned it. He was a member of the board. Strauss was present.

Cross Examination

Napa County is fifty miles from San Francisco.

[283]

GEORGE E. PADELFORD,

A witness called on behalf of the Plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I was originally an M.D. I am now retired. From 1904 to 1920 and from 1924 to 1929 I was in Mexico in the oil business going first as the company's doctor. In 1906 I started as superintendent in the oil fields near Huasteka. Originally I was with the Mexico Petroleum Company and later with the Huasteka Petroleum Company operating in the Tampico fields.

The Tampico fields are not basalt fields.

I never heard of William A. Broome in that region nor of McKim Hollins.

No Cross Examination. [284]

JOHN SPARKS,

A witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live in Burlingame, California. I was connected with the Strauss Engineering Company from 1913 as bookkeeper and later as secretary of the corporation. It was first the Strauss-Bascule Bridge Company and later the Strauss Engineering Company, the change being in name only. I had

(Testimony of John Sparks.)

charge of the books and records of the company. In 1936 I was stationed in Chicago. In February of that year I came to San Francisco.

I have made search for the stock records of the Strauss Engineering Company, but have been unable to find them. The company is now defunct.

Dr. H. Harry Meyers or H. H. Meyers never held any stock in the corporation. He was never an officer or director.

The firm of Strauss & Payne was formed in July, 1935. I was employed by that company from 1936 to 1938 when Strauss died and the company became inactive. I had charge of the books and records. I have not been able to locate them. I am quite sure defendant Meyers had no stock and he was not an officer or director of that company.

When I came to San Francisco from Chicago I learned that the Strauss Corporation of California had been formed, but never did any business. I do not know who the stock holders were. I never heard of a firm or partnership of Meyers and Strauss or Strauss and Meyers. [285]

I kept the books of the Strauss Engineering Company and of Strauss & Payne and also Strauss' personal account. There was nothing to indicate any partnership with defendant Meyers.

I first met Meyers late in 1928 or early 1929 in Chicago. He introduced himself as Dr. Meyers. I had heard of him. I saw him four or five times in Chicago, never in California. I knew what he

(Testimony of John Sparks.)

was doing only from letters. I never discussed it with Mr. Strauss.

Q. Did you handle the book entries and payments made to the defendant Meyers by Mr. Strauss? A. Yes.

Q. You have made a summary of those payments from the books and records? A. Yes.

Mr. Hile: Do you want the books introduced?

Q. You made a summary of the total amount paid? A. Yes.

Q. Would you please state those amounts paid to him?

A. The actual amount of cash was in round figures \$202,000. The total obligation to Dr. Meyers was originally \$220,000, which was increased to \$225,000 by a later agreement which was written in March of 1933.

Q. The increase was in regard to what?

A. Increased from \$220,000 to \$225,000.

Q. What was the \$5,000 difference, do you recall?

A. There was a difference of—Mr. Meyers and Mr. Strauss came to some sort of a disagreement on the amount that was due him. I think there has been certain moneys paid out for expenses and traveling expenses and one thing [286] and another and there was a disagreement as to the total amount that was due at the time. They entered into a supplemental agreement setting out something like \$43,000 that was then due and by reason of that later agreement it increased the total obligation from

(Testimony of John Sparks.)

the original amount of \$220,000 to \$225,000. Now, of that \$225,000 actually \$202,000 was paid in cash.

Then after Mr. Strauss' death there was still certain money due Mr. Meyers which was compromised, that is, the trustees of Mr. Strauss' estate compromised the balance that was due and effected a saving of about \$13,000, which reduced the original \$225,000 to \$212,000.

There was a back charge against Meyers of \$9,000 and some odd dollars for what they called the Fleshler litigation and the net result was that he got \$202,000. There was a \$25,000 check given to Meyers for Mrs. Strauss, Mr. and Mrs. Strauss being estranged and Meyers acting as mediator. Government's Exhibit 96 is a check for \$25,000 paid to Mrs. Strauss through Dr. Meyers.

Mr. Strauss built approximately 400 bridges beginning, I think, in 1905.

I was familiar with Mr. Strauss' financial condition in a general way during the years 1928 to 1937. From 1928 to 1932 it was poor. In 1933 it began to improve, because he had received money from the Golden Gate Bridge. In 1934 it was better, in 1935 it began to get bad again, when the payments for the Golden Gate Bridge stopped or dropped off. In 1936 I think it was a little better. At no time while I was bookkeeper for Mr. Strauss was he worth a \$1,000,000. The Strauss Engineering Company and Strauss & Payne were broke most of the time. I acted as executor of Mr.

(Testimony of John Sparks.)

Strauss' estate. His gross estate was about \$46,000.

Q. Did you ever talk with the defendant Meyers, as to what, if anything, he was doing in behalf of *Mr.* [287]

A. Well, my discussions with Dr. Meyers were usually when he was passing through Chicago on his way to and from San Francisco to the East or vice versa, and I don't recall going into an awful lot of detail. Usually that concerned matters that were Chicago matters rather than anything pertaining to the Golden Gate bridge.

Q. What do you mean "Chicago matters", what type of matters?

A. We had certain moneys coming to us. When I say "us" I mean the corporation, from the Chicago Park District and Dr. Meyers had some influential friends there and we were trying to collect the money, and used his influence to some extent, and I think helped us in collecting certain moneys due from the Chicago Park Board. Most of our conversations were on that subject, if I recall correctly.

Q. Do you know of anything he did in connection with any other bridges, along in this period of time while he appeared in the picture, that had been or were being erected by Mr. Strauss or the Engineering Corporation?

A. No, I do not.

(Testimony of John Sparks.)

Cross Examination

By Mr. Simon:

I was bookkeeper in Chicago and kept the books of the Strauss Engineering Company, which until 1928 had been known as the Strauss-Bascule Bridge Company and also the books and accounts of Strauss & Payne and Mr. Strauss' personal books. I was in Chicago until 1936. I heard after I reached San Francisco that there had been a dispute between Dr. Meyers and Mr. Strauss. Mr. Strauss did have fallings out with people. I would not say with a great many. I could think of two or three of them. [288]

I knew Professor Ellis, who was Vice-President of the Strauss Bascule Bridge Company, and who did considerable work in the preparation of plans on the Golden Gate Bridge. Strauss discharged him.

Regarding the \$25,000 check for Mrs. Strauss I would say that she received the money. It bears her endorsement. She had been for many years the wife of Joseph B. Strauss and was the mother of two boys, one of them, Richard K. Strauss, an employee of the Strauss Engineering Company. Mr. Strauss divorced her and married another woman. I recognize the signature of May R. Strauss on Government's Exhibit A-63. Said exhibit admitted in evidence, being a receipt dated December 13, 1932 for a check to H. H. Meyers for a check in the amount of \$25,000. My records indicate that Strauss was indebted to Dr. H. H.

(Testimony of John Sparks.)

Meyers in the sum of \$225,000, and finally paid the sum of \$202,000. That had nothing to do with the \$25,000 check delivered to Mrs. Strauss.

I know that there was a close and intimate relationship between Dr. Meyers and Mr. Strauss.

Defendant's Exhibit A-65 for identification, is in the handwriting of Mr. Strauss and it appears to be a code. I do not know whether it was used between Meyers and Strauss, because I didn't know of the existence of a code.

Defendant's Exhibit A-64 is a letter written in longhand by J. B. Strauss to Dr. Meyers. I would say it was unusual for Mr. Strauss to write a long letter of that type in longhand.

I recognize the signature of Joseph Strauss on Defendant's Exhibit 67.

Mr. Simon: Have you any objection to A-57?

Mr. Hile: Yes, I would like to ask the witness a few questions about it. [289]

A. No, I was not familiar with those preliminary negotiations.

Mr. Hile: May I inquire?

The Court: Yes, sir.

Q. (By Mr. Hile): Regarding what is marked 67, do you know whether the agreement that is attached there is the agreement that accompanied that letter? Do you know anything about it except what it purports to say on its face?

A. I don't recall it. All I would know about it is what I would see on its face here.

(Testimony of John Sparks.)

Q. In other words, you haven't seen it before?

A. I don't recall ever seeing it.

Q. Do you know whether it was ever sent or not?

M. Hile: I object to it, your Honor, as not being properly identified. There is no showing that it was ever sent or the agreement attached is the one that was attached or received by anybody. It is improperly identified. It may be that somebody could identify it, but I think until that time comes, it should not be admitted.

The Court: The objection will be overruled.

* * * * *

Mr. Hile: In regard to Defendant's 68 I object to all except the first page, which states why the defendant was brought into the picture. The other part of it relates to purely personal transactions with Mr. Strauss, which I do not see have any bearing on this case.

I recognize Mr. Strauss' handwriting in defendant's A-68. I believe that the signature "Dad" is in the handwriting of Mr. Strauss, and the interlineations in the blank spaces of the carbon copy of the letter are Mr. Strauss' handwriting. The contract on the Golden Gate Bridge under which Mr. Strauss performed his services was a contract to Joseph B. Strauss as an individual and the Strauss Engineering Company was not a [289-a] party to that contract nor was the firm of Strauss & Payne.

(Testimony of John Sparks.)

At the time of the awarding of the contract for the Golden Gate Bridge, Mr. Strauss had never completed, as chief engineer, a suspension bridge.

The capital stock of the Strauss Engineering Company was 1000 shares of the par value of \$100 each. Two-thirds of the stock was in the name of Mr. Joseph B. Strauss and the other one-third was in the name of Mr. Weinfeld of the law firm of Schuyler, Weinfeld & Hennessey. They were the only two stockholders. Mr. Weinfeld was the representative of the minority stockholders, but there was a split-up between him and his partner. The stock was practically worthless.

I was not familiar with the preliminary negotiations between Dr. Meyers and Mr. Strauss.

Regarding Defendant's A-67 I do not recall it. All I would know about it is what I would see on its face. I do not recall ever seeing it. I do not know whether or not it was ever sent.

Government's objection overruled and Defendant's Exhibit A-67 admitted.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-67

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
307 North Michigan Avenue
Chicago

November 7, 1928

Air Mail

Dr. H. Harry Meyers,
41 E. 42nd Street,
New York City, New York.

My dear Dr. Meyers:

I revised the agreement covering the California Company in accordance with our discussion and submitted it to Mr. Weinfeld. It is acceptable to him excepting item 5 covering the stock provision. He is very strongly insistent that the company retain the (51%) and since my original statement to him subsequent to our tentative agreement on that point was fifty-five per cent (55%) I have no come-back.

I suggest, therefore, that we leave the arrangement stand at 51-49, covering the item of additional capital, if necessary, by the allocation of 4% which would leave it just as we had it at the beginning, viz., 55-45%. Originally, you remember, I proposed 60-40, and if this figure were adopted it would leave 9% for additional capital, but since it is extremely unlikely the additional capital will be required, it

(Testimony of John Sparks.)

seems to me that the 4% would be ample, especially if the capitalization is made sufficiently high. I trust, therefore, it will be agreeable to you to leave this matter stand on that basis.

I am also sending herewith a copy of my photograph, suitable for reproduction in the press or otherwise. You desired me to send this to you at California in connection with your publicity campaign but I thought I had better do it while it is on my mind and send it to you at New York.

You no doubt have heard of the decision rendered by Judge Luttrell in the Golden Gate Bridge case which constitutes a sweeping victory. This means that work will start on this structure shortly after the first of the year.

I have a letter from Mr. Read advising that he has reached home. I am writing him today as per copy herewith.

Looking forward to seeing you at New York, I remain, with kindest regards,

Very sincerely yours,

JOSEPH B. STRAUSS

JBS:LB

3 Encls.

AGREEMENT

In consideration of One Dollar (\$1.00) in hand paid and other good and valuable considerations, it is agreed by and between Joseph B. Strauss in behalf of the Strauss Engineering Corporation, party of the first part and H. H. Meyers, of New York

(Testimony of John Sparks.)

City, New York, party of the second part, as follows:

1. The parties will form a company to be known as the Strauss Engineering Corporation of California, to be incorporated under the laws of the State of Nevada or Delaware, or other suitable state, in an amount to be subsequently agreed upon.

2. The said company to be organized for the purpose of securing contracts for engineering services in connection with bridges on the Pacific Coast, and particularly in the States of California, Washington, Oregon, Arizona, and Nevada. It is specifically understood that the company is not to undertake contracts for construction but is to solicit only appointments of Joseph B. Strauss or the Strauss Engineering Corporation as engineers in connection with bridge designing and the preparation of the necessary plans and specifications for such structures, consulting service in connection therewith, reports, etc.

3. The company is to maintain a suitable head office in Los Angeles, and offices at other points as and if necessary, and is to maintain a proper staff in said head office to carry on the work, which staff shall comprise at the outset one competent engineer from the staff of the Strauss Engineering Corporation, an office manager and contact man and the necessary clerical staff. It is estimated that the cost of such an office will approximate Twenty Five Thousand Dollars (\$25,000.) for the first year, which will include incorporation expense, initial equip-

(Testimony of John Sparks.)

ment, estimated traveling expenses. See Schedule attached.

4. The company is to be a sales company only, acting as the agent and representative of the Strauss Engineering Corporation, in the said territory, and is to receive for its services a commission of seventeen and one-half per cent ($17\frac{1}{2}\%$) of the fee named and received for each contract it secures, said payment to be made as and when received by the Strauss Engineering Corporation. The execution of said contracts is to be performed by the Strauss Engineering Corporation in its main office at Chicago, the engineering work of the Pacific Coast company being limited to the making of preliminary sketches and estimates in connection with the submission of proposals and the securing of work. The company may also, where practicable, and under direction of the Chicago Office, handle the supervision and resident engineering work in its territory, and is to receive special compensation for such service, to be agreed on in each case.

5. Fifty one per cent (51%) of the stock of the company shall be allotted to Strauss, the remaining forty nine per cent (49%) shall be allotted to Meyers, and such others as it may be decided between Strauss and Meyers to admit into the company, it being understood that the allotment to others shall not exceed four per cent (4%).

6. Strauss, on behalf of the Strauss Engineering Corporation, and Meyers, on his own behalf, shall pay into the treasury of said company a total sum

(Testimony of John Sparks.)

not to exceed Twenty Five Thousand Dollars (\$25,000.00); Twelve Thousand Five Hundred Dollars (\$12,500.00) of this amount to be paid by Strauss and Twelve Thousand Five Hundred Dollars (\$12,500.00) by Meyers, and said payment is to be in full of this stock. Of this amount Five Thousand Dollars (\$5,000.00) shall be paid in by Strauss and Meyers, each, at the outset and the balance as and when required. If further funds are required, they may be obtained either by allocation of stock as above provided, or furnished by Strauss and Meyers by mutual agreement.

7. The officers and directors of the company shall be Strauss and Meyers and such others as may be agreed upon by them. Strauss shall be the executive head and have exclusive charge of the engineering. Meyers shall be the executive manager and shall have charge of the sales and general management of the business. There shall be a Board of Directors comprising men of prominence in California and the West and who shall be selected by mutual agreement between the parties.

8. The principal office of the corporation shall be in Los Angeles. Strauss will devote as much of his time to the business as possible. Meyers will devote all of his time to the business and will travel over the territory covered by this agreement to organize it for the purpose of securing business—Strauss to cooperate with him to the fullest possible extent in this regard.

(Testimony of John Sparks.)

9. Strauss and the Strauss Engineering Corporation, having already spent a great deal of time and money on the development of certain pending projects in said territory agree herewith that said projects as listed on the attached Exhibit "B" shall be exempted, but should the parties hereto desire to include any of said projects they shall make separate written agreements to this effect in each case.

10. In the case of toll bridges, it is understood that the company shall endeavor to handle these both as a promotional and engineering project and that it shall participate in the stock and other securities to whatever extent it may be able to arrange; all such participation to belong to the company and to the parties hereto in the proportion of their stock interests.

11. It is understood the company is to be incorporated on or before the first of December and that Meyers will handle the details of such incorporation, the securing of office furniture and other details so that the company may be established in the office and in operation on the arrival of Strauss in Los Angeles in December.

12. Meyers, as a general manager, will take charge of establishing contacts on the various projects, cooperating and conferring with Strauss in all said matters. It is understood that the various relationships already established by Strauss will be maintained and particularly those in connection with the Golden Gate and the Transbay bridges and that all effort will be directed toward securing a

(Testimony of John Sparks.)

harmonious working organization behind the company for the purpose of making certain of the prompt disposition of these projects in the best interest of the company.

13. It is also understood that some suitable disposition will be made of the agreement with Mr. McPherson, either for taking same over or for entering into a new arrangement with him which will permit the maintenance of such connections as he has established. Similarly, provisions must be made for the arrangement entered into by Strauss for the work at San Diego, should this be included as a company matter and likewise with Mr. E. F. Pottinger at Pasadena, Mr. Duthie at Seattle and Mr. Caldwell, also at Seattle.

14. Should, at the end of the first year, no business whatever be done by the company, then the parties hereto shall determine whether they will provide further finances to continue operations, and in the event they decide not to provide such further finances, then the company is to be dissolved and the business and good will shall revert to the Strauss Engineering Corporation.

The above, when accepted, shall constitute a preliminary agreement between the parties, which if accepted, will form the basis of a final contract covering the points involved in greater detail.

(Testimony of John Sparks.)

In Witness Whereof, the parties hereto have set their hands and seals this.....day of....., 1928.

STRAUSS ENGINEERING
CORPORATION

By.....

Party of the First Part

Party of the Second Part

EXHIBIT "A"

ESTIMATED BUDGET

Strauss Engineering Corporation of California

Office Equipment	\$ 2,500.00	
Office Rent	\$3,600.00	
Light and Phone	1,200.00	
Salary of Engineer	3,600.00	
Salary of Office Assistant	2,400.00	
Salary of Stenographers	2,400.00	
Office Expense	2,000.00	
Miscellaneous	2,000.00	\$17,200.00
		<hr/>
Traveling Expense	5,300.00	
		<hr/>
Total.....	\$25,000.00	

EXHIBIT "B"

Strauss Meyers Contract

Exemptions From the Contract

County of Sacramento:—Handled directly with
County Engineer.

Goat Island Bridge:—Handled directly with Van
Damme.

Carquinez Straits, Southern Pacific R.R. Bridge:
—McPherson, agent.

(Testimony of John Sparks.)

Jenner-By-The-Sea Bridge:—McPherson, agent.

Two bridges at Lodi:—McPherson, agent.

In addition to the above, there is an agreement covering the Golden Gate bridge between Strauss and Fritze and Brennan, which requires adjustment and there is also an agreement between the same parties covering the Transbay bridge, which likewise requires adjustment. These two bridges, therefore, are exempted but probably will be handled by the California Company by some special arrangement which will develop later.

Also, by special written agreements in each case arrangements may be made by and between the parties for handling of the above projects through the California Company, if desired.

[Endorsed]: Filed Oct. 21, 1942.

Defendant's A-64 admitted in evidence without objection.

Defendant's Exhibit A-67 is an airmail letter signed by Strauss to Meyers.

Government's objection offered to defendant's A-68 but same admitted in evidence. A summary thereof made to the jury by Mr. Simon.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A68

No. 15187

Dre

Herewith letter to Ralph. I plan to send a copy of this to Richard with a short letter direct to him. Let me know how you like it. Regards.

JS

Sept 7/33 [290]

September 7, 1933

My dear Ralph:

My reasons for delaying reply to your letter of July 31st are many. On my return to San Francisco I found even more vexing problems to dispose of than before I left and they have given me a great deal of trouble. I have had another attack of the flu, from which I have recovered with difficulty, and finally I found myself unable to write the letter long hand, because of its personal character, and had to find somebody who did not know me to whom I might dictate it. I know you will make due allowance, because you yourself were quite tardy in your reply—your letter being the first word I had received from you after your wire to me in New York for \$100.00 which I dispatched immediately, without acknowledgement on your part until your letter of July 31st.

I think it well to come at once to the essence of your letter and your cable. First of all, you are in error in your conclusions that I made a confidante of my business associates in this matter. Up

(Testimony of John Sparks.)

until Mr. Paine's last visit to San Francisco recently, I had told no one of my domestic matters, and even as yet I have confided them solely to Mr. Duncan and Mr. Paine, whom I told in only the briefest outline, as a matter of business necessity. I never desired outsiders to know that there was discord and so far as I was concerned, no one ever knew or suspected it. The only one who was familiar with all the details was Dr. Meyers, because he was brought into the picture by your Mother, although I especially desired to avoid involving him, for business reasons.

I did not tell you of the divorce when you were in Washington, for two reasons. First, because I did not want to spoil your trip by discussing a subject that was distress- [291] ful; and second, because during the negotiations I was told that it was the express desire not to disturb you. I felt therefore if anything was to be said, it should come from the other side rather than from me. There's still another reason. I did not want to be in the position of being charged with trying to influence your feelings one way or the other.

I think it will be very clear to you therefore that it was not a lack of confidence or trust, particularly since the matter had been concluded and nothing could be changed by a recitation of details. I think the honorable thing to do was to leave you free and unbiased, without effort on my part to sway your judgment.

You tell me that you knew no more after reading

(Testimony of John Sparks.)

my letter than you did before. You overlook the particular assurance that it contained concerning yourself, the assurance that your position and Richard's in every respect and in my heart would remain unchanged. It seems to me that I thus told you the one important thing you would wish to know; namely, that my marriage will make no change as respects you and Richard.

You speak of the family, but I think you forget that the obligations of the family are at least as much to me as mine are to the family. So far the debt is heavily on my side, no matter how much emphasis is placed on other phases, and I feel that the time is past when the family should be regarded merely as a tribunal sitting in judgment on me and determining whether or not I am serving it in the manner it may desire.

I believe you will agree that you would consider yourself a free agent as regards marriage without regard to anything that the family might consider, and certainly I think I am entitled to that same freedom. The family does [292] not take upon itself the responsibility for my happiness, nor do I ask it. Unfortunately, our family life has been merely the form, not the substance; and as both you and Richard have told Dr. Meyers, it is an impossible condition which was far better ended than continued. This being the case, should I continue to maintain a meaningless form which accomplishes nothing?

(Testimony of John Sparks.)

I have no desire to underrate the influence of the family circle, but it cannot be one-sided and be successful. There must be more than the utilitarian aspect, the material aspect, which places upon the father all the responsibility as the bread-winner and yet overlooks that which should be his in return. There must be love and sympathetic interest, confidence, gratitude and tolerance. In our circle there seems to have been an over-emphasis on the maternal side of the family and a corresponding subordination of all else.

I do not ask you to alter your allegiance to your Mother in the slightest degree. On the contrary, I have always urged you and I still urge you to show her full devotion. She is your Mother and has splendid traits. We simply did not harmonize. Search your memory and see if you can recall any word of criticism or disrespect from me to you regarding your Mother. But you have a good, sound, logical mind and I am certain that you will agree that it is reasonable and fair that that loyalty and devotion to your Mother should not be carried to such an extent as to deprive me of that appreciation and respect and gratitude which is due me as your father and as one who has always stood behind you and Richard whenever you called. [293]

Some time I shall tell you the story of those early days when your destiny was in the balance and when it was necessary to overcome the gospel of fear and compel that confidence in your spirit and ability which has now been so fully vindicated. Look back

(Testimony of John Sparks.)

over the years and try to recall the evidences of my love and devotion to you and Richard, my pride in your progress, my happiness in your well being. I want you to judge me by these memories and by that evidence and not by any grievance that anyone may have against me, even though it be your Mother. Is that asking too much of you?

To peremptorily demand that I give an accounting is more like a court martial, Ralph, or a military order, and hardly what a son might ask a father whose confidence he requests. You say you were disappointed in my letter. I am even more disappointed in yours, for it contains not a hint of any interest in my happiness nor a good wish, nor even a kind thought; merely a curt announcement that on receipt of all the details you will make your decision and that meantime you will suspend judgment.

On reconsideration, I am sure you will agree that this is hardly the kind of an approach that would warm the heart and tend to invite the confidence expected. Matters of this kind are too intimate to be covered in cold type. They demand a receptive attitude, patience and good will. That can best be achieved, I believe, by meeting you in person, for you and I have always been able to talk together in an understanding spirit. I shall want you to meet my wife and I have no fear but that when you do, you will be content.

My remaining years are few. I consider that I am [294] entitled to seek my own happiness. I again repeat that I had reconciled myself to ending

(Testimony of John Sparks.)

my days alone. Dr. Meyers and Mr. Duncan will bear this out. What happened was unexpected and accidental. The woman that I married is a fine character and devotes her full effort to my happiness. She has no desire to, and will not supersede you in my heart. Your interests and Richard's shall remain unchanged and I haven't the slightest idea of deviating from the program I mapped out for you both as respects the Company; but it cannot of course be done unless you cooperate with me by maintaining that cordial attitude toward me which a dutiful son owes a loving father.

The world is very sick now because of the old selfish, worn-out doctrines. What we need is peace, harmony and goodwill. You are my two sons. I am prouder of you than I am of the great structure I am building here. The work I am doing here will redound to your credit and Richard's. It will be a monument that you may well be proud of and it will also firmly establish the business so that it will not disintegrate after I am gone, and will give you and Richard a means of livelihood. It is no easy task to do this in view of my precarious health and the many obstacles; and it cannot be done at all unless I have full support. It is this thought that I want to leave with you. With all my love and good wishes,

Lovingly,

"DAD" [295]

(Testimony of John Sparks.)

I recognize the signature on defendant's A-69 as the handwriting of Mr. J. B. Strauss, which is a personal letter written to Dr. Meyers. Likewise defendant's A-70 is the signature of Mr. J. B. Strauss, and is a personal letter which in part discusses the controversy between Strauss and Weinfeld.

Mr. Hile: I object to A-69 because I don't see any possible relevancy in this case. Not a word in it in connection with this case. Further, there is no showing it was ever delivered to anyone.

The Court: It does not appear that the body of this letter by itself throws any light upon the issues of this case, other than the fact that it is a communication somewhat confidential and passed through the defendant's hands.

Mr. Simon: That is right. I have no desire to read it.

The Court: For that purpose and with the same admonition the Court gave to the jury a moment ago it will be admitted in evidence.

Letter bearing signature of Joseph B. Strauss admitted in evidence and marked Defendant's Exhibit A-69. (A summary of A-69 made to jury by Mr. Simon.)

(Testimony of John Sparks.)

PLAINTIFF'S EXHIBIT No. A-69

111 Sutter Street
San Francisco
December 13 1933

My dear Doc:

I am sending herewith a copy of the Weinfeld letter as I have re-written it.

I have been in the Board meeting all day, both this morning and this afternoon—up to almost 6 o'clock, and haven't time to write more now. I received your wire and will try to let you hear from me shortly. I am sorry to hear that Mrs. Meyers is still ill—please give her my best wishes and hopes for a speedy recovery.

Sincerely yours,
JOE.

Dr H H Meyers
Hotel Gaylord
Los Angeles Calif
JBS:B
encl.

(Copy)

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
111 Sutter Street
San Francisco, Calif.
Dec. 1933.

My dear Charlie:

Dr. Meyers has sent me a copy of your letter of November 29th to him and, while I am hard pressed

(Testimony of John Sparks.)

by both construction and financial problems in connection with the Golden Gate bridge, I feel that it is timely for me to make a direct reply.

Frankly, I am at a loss to understand the change in your attitude toward me since I left Chicago or the bitterness which characterizes all your statements to Dr. Meyers. My letter of May 8th, of which you complain, was written as a business communication with no intent of offense but as a necessary defense to your letter of December 10th in which you made unwarranted statements reflecting on me. My letter was at least couched in courteous language and written in the effort to arrive at an understanding. Your reply was quite the opposite in character and your attitude since has continued so.

However, if we assume, for the sake of argument, that my letter was the affront you desire to consider it, it is difficult to reconcile the intensity of your antagonism with the nature of the alleged offense. In your own profession, no judge would pass a maximum sentence for a first and minor infraction, yet, because I assert my right to entertain my own views even if they run counter to yours, you have seen fit to excoriate me and you not only condemn me outright but convey your prejudiced judgment to those with whom I deal.

I see no justification for such an attitude of harmfulness to me. I am your senior my many years. My standing in my profession and in business and my accomplishments in my field of endeavor entitle

(Testimony of John Sparks.)

me to respect and to equality of attitude. If we consider only the protests of friendship and profession of devotion as my counsel which you have asserted for so many years, this alleged default should not have put an abnormally great strain on your friendship any more than any similar incident on your part would put on mine.

Whatever grievances you hold against me now certainly are not founded on the past, if the evidence of the harmony that has existed counts for anything. There has been no change whatever on my part—then why this sudden right-about-face on your part, as manifested in your refusal to aid me in a crisis, in the statement to Dr. Meyers, as he related it to me, that you would help him, but not me, and in the direct reflection on my integrity contained in your letter of December 10, 1932?

I cannot concede that you are privileged to criticize me as you see fit and to rate any question or criticism by me as an act of *les majeste*; yet for some reason that is precisely the attitude you have assumed. I do not profess to be 100% perfect, nor is there any particular reason why I should be expected to be, nor why I should be condemned because I fail to measure up to what certain people arbitrarily set as a standard of virtue for others to follow. I feel that I have the same right to demand from those with whom I deal that deference, tolerance and consideration that they expect and receive from me.

Reverting to your complaints, you first asserted

(Testimony of John Sparks.)

that I had not kept you informed. This was found to be incorrect. Then you asserted that you had not been given proper knowledge of expenditures and had no copies of audits. Then, when this was cleared up, you slurred the audits and now you demand to know what my attitude is as to winding up our association, notwithstanding the fact that no recognition whatever has been given by you to the suggestions outlined in my letter of May 8, 1933 in this respect.

As already stated, I do not know in what way this letter should have offended in view of the fact that it was called forth by your letter in my own defense, but I am willing to exchange apologies and am also willing to exchange accountings. In other words, if you withdraw that which offended me, I will withdraw that which offended you, and I am entirely willing to meet any demand for whatever accounting you may wish covering funds I have handled for the company, if you will, in turn, submit to a similar accounting for the funds and matters of the company which you have handled.

I do not object in the slightest to having you come out to San Francisco. On the contrary, I should have been glad to have you come last year, and shall be glad to have you come out now and sit down with me and Dr. Meyers, who is conversant with what has gone on here, and go over all the accounts and transactions in every detail, item by item. They speak for themselves and will bear any

(Testimony of John Sparks.)

investigation you elect. The accounts were prepared by Mr. Sparks from proper vouchers and audited by Quinn, and I have full confidence in their correctness. It will not be difficult, after you once understand the situation here, to realize that the carrying out of such a project as the Golden Gate bridge in a local atmosphere of resistance and under abnormal difficulties of all kinds, has made the cost exceed antitipation. As far as I am concerned, it has turned out to be a sentence at hard labor, with no hope of practical reward.

You, of course, are privileged to disbelieve this, but when you infer that the cost figures taken from our books and certified by the accountants are doctored and that there are a lot of things you know that you have not told, and that you are going to go after me and give me some of the medicine that is due me, I feel that the quicker your mind is disabused of these illusions the better it will be. For I am sure you will realize that I cannot continue to permit anyone to undermine my reputation in this manner, unchallenged.

Whether you concede it or not, I believe in standards of honor and reputation in business, and I do not have to take second place in that regard to anyone—and, whether you concede it or not, I have been absolutely square with you from start to finish. How futile it now seems, and how odd that you should appoint yourself to mete out punishment to me for doing only that which any man would do if his friends desert him.

(Testimony of John Sparks.)

You and I became friends fifteen years or so ago. We have practiced and avowed that friendship all those years. It should take only the gravest offense to transform that friendship to hate. Certainly mine has not been so transformed, in spite of all your unnecessary resentment against me. I feel that thinking men should be broad enough to regard reason a better guide than passion or resentment, and, as I remember it, you too have always counselled restraint, control and friendly adjustment rather than aggression, violence and the courts.

I do not desire in any way to turn you from an altered principle, if that is now your purpose. I have had thorough training since I have been here in the militant ways of the world. I have been the target of envy, jealousy, selfishness and both internal and external treachery. So I am more or less hardened to it all and have gotten beyond the point of shock sustained when old and staunch friends become active enemies. So I am prepared, if it must be, to continue to defend my good name and my rights to the fullest.

However, if that happens, I want it understood that I did and do not seek it. The problem before us is the same problem that confronts the nations of the world and that is to clear away the misunderstandings and animosities that exist between us for no good reason whatever and to arrive at an amicable adjustment of our differences.

This organization is a personal service organization—it has no assets but myself and the personnel.

(Testimony of John Sparks.)

It is essential that I operate on that basis and discontinue the present corporate form. This can be done in an harmonious and satisfactory manner if we can meet on a sane and reasonable basis. I am prepared to deal on that basis and without regard to the personalities that have been introduced and bearing in mind also that friendship which has existed between us and which would be a hollow mockery were we now to disgrace it by useless feud. If you desire to approach the matter in that manner, I should be glad to deal with you in the same spirit as in the past and without holding any resentment, and toward that end I again renew my invitation to you to come to California for that purpose. May I also suggest that, since Jessie is the actual owner of these shares of stock, you submit the correspondence to her so that she may be fully informed and may be able to appraise the facts from her standpoint of equity, good will and kindness of spirit?

Very truly yours,

Mr. Charles Weinfeld,
Continental Illinois Bank Bldg.,
Chicago, Illinois.
JBS:B

[Endorsed]: Filed Oct. 21, 1942.

Mr. Simon: My sole purpose being to show that was discussed between Strauss and his lawyers, he consulted with Meyers.

(Testimony of John Sparks.)

The Court: Are you offering Exhibit A-70 for same purpose?

Mr. Simon: I am, it refers to same situation.

Mr. Hile: Are you preferring it as confidential communication? Is that what your Honor asks?

The Court: Yes.

Mr. Simon: I think this covers other things but I haven't any desire to burden the jury or the Court or take the time by reading it all at length. I just offer it as a letter written on date it bears, written by Strauss to Meyers, including among other things therein discussed this controversy that had arisen between Strauss and Weinfeld.

Mr. Hile: I don't see where it has any bearing on this case, your Honor. [296]

The Court: That phase of it would have no bearing on the case but it might have a bearing to show the relationship that existed about the time.

Mr. Hile: Of course the contract shows that.

The Court: It will be admitted as were the others, with that limitation and for that purpose only.

Letter from Mr. Strauss admitted in evidence and marked Defendant's A-70.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-70

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

111 Sutter Street

San Francisco, Calif.

Sept. 7, 1933.

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.

My dear Doc:

I note the further letter you have received from Mr. Weinfeld. I did not intend to reply to these letters because my health has been so poor, making it especially difficult to carry the load that I am bearing, that I did not want to take on this added burden of meeting the attacks of one who is making it a business to be as disagreeable as possible. However, since he is apparently misconstruing my silence to the continuing barrage he has maintained so long, I think it essential to state the facts.

I do not think it necessary to waste any time on the question of audits. Mr. Weinfeld makes the point of veracity between himself and Sparks. I think Sparks' record will stand the test. Irrespective of that, Sparks has had standing instructions from the inception of these audits to deliver copies to Weinfeld, and Weinfeld has never reported failure of delivery or expressed a desire to have them. So it is much ado about nothing.

(Testimony of John Sparks.)

As to the criticism of the audits themselves and the slurring remark "purported audits", all are prepared by Murphy, Lanier and Quinn, of Chicago, the firm that Mr. Weinfeld himself named as the auditor for the company when it was re-organized, and which company has served us faithfully and properly ever since. The manner and form in which they have been carried out have been left entirely to this firm, and were originally approved by Mr. Weinfeld and me. I am calling Mr. Weinfeld's belated criticism to Mr. Quinn's attention with a view to ascertaining if and how these audits can be improved or be made more informative.

As to the Golden Gate Bridge, these audits show, of course, only the disbursements and receipts covered by the period of the audit. We have as you know, a complete record of the expenditures under this contract to date, and, as I remember it, you gave this statement to Mr. Weinfeld. I have never received from him any comment thereon or request for anything more, but since evidently he now has it in his mind that I am withholding information from him, I am directing Sparks to make up a complete statement of receipts and expenditures for this contract from the beginning to the present and also a budget of the remaining expenditures involved in carrying out my contract, and this will be furnished Mr. Weinfeld as soon as it is complete.

The books of the company have been open to Mr. Weinfeld at all times and any information he ever requested has been furnished him. His interest,

(Testimony of John Sparks.)

however, has been very slight up to the present time. He had only to exert himself sufficiently to acquaint himself with what was going on and with the records which have always been at his very door. With the office but a few blocks from his, he visited it but once or twice in the entire term of his connection with the company, and his two associates have never visited it—not even once. He has never gone through the work done or manifested any interest in the structures themselves or in the technical details required to carry through our undertakings. He has let me struggle, unaided, with all the problems of administration, execution and finance. He refused all financial responsibility or other liability, saddling it all on me. As you know, in the dark months of a year or so ago, he turned down my appeal to help the company out, although he volunteered personal aid to you. All this furore, therefore, about audits and the Golden Gate Bridge costs, after the crisis is over and he no longer runs any risk, is an empty gesture.

I mean to see to it, however, that Mr. Weinfeld is informed in spite of himself, so that his ignorance of what it means to do this work that I do and on which he has reaped such large profits, is corrected and so that he may to a small extent understand the task devolving upon me in carrying through a \$35,000,000 bridge, the largest bridge in the world, on an inadequate fee of 4%. Weinfeld's self-assurance glosses over all these things. With easy nonchalance he assumes that such work can be done

(Testimony of John Sparks.)

with a few passes, as he performs his own work. Sitting back in his easy chair, he paints pretty pictures of huge profits which do not exist—the same kind of picture which lured such men as Fritze and Brennan, who moved in through Weinfeld, to levy tribute. I have just succeeded in paying off \$6,750.00 to Fritze and now am faced with a demand for \$5,000.00 from Brennan. This certainly is a pleasant heritage to leave me.

Mr. Weinfeld sends a threat to me through you that he wants my decision so he can prepare his case. As above shown, the information he asks is already in his hands, or at his disposal. Mr. Weinfeld knows this and knows that no one has to go to court to get this information or to get anything from me that is due him. His threat simply means that the insinuation in his letter to me of December 10th, which drew my reply that so hurt his tender feelings, is to be the basis of his threatened court action. Coming simultaneously with Brennan's threat of suit, it is very helpful to me in easing the tasks of building this bridge.

Fortunately, I have nothing to conceal and Weinfeld can go as far as he pleases if he wants to go that way. But of course if it is to go that way, if we are going into the courts to settle our differences instead of terminating relations amicably, if he wants information on every detail expenditure, I am entitled to the same, and I shall ask for a statement of the disposition of all company monies expended through him and the details of the arrange-

(Testimony of John Sparks.)

ments with Stuart Shepard on the Chicago suit, with Mr. Banks on the Scherzer negotiations, with Mr. Dilling, Mr. Schioller and others with whom he dealt on various matters which may have had a bearing on company business. If Mr. Weinfeld is desirous of opening up the doors to such information, naturally we will open them wide, come what may.

I seek no quarrel with Weinfeld, or with anyone, but the time has passed when I will yield for the sake of peace at any price. Nor am I going to be intimidated or submit to further tongue lashings. I am fed up on all of that. I requested Weinfeld, in my letter of May 8th, to cooperate with me in the termination of our relationship. At your request and in the desire for harmony, I consented to consider the purchase of the 30% stock interest held by him and his associates as a matter of acquired good will, and I accordingly made you an offer. It is not my fault if this offer has not reached Weinfeld. I am still prepared to proceed on that basis if the matter can be concluded within reasonable time and if an amicable settlement is desired. If not, I am equally prepared to proceed on the other basis.

As to Weinfeld's present personal attitude toward myself or my family, for 15 years there has been no disagreement, due to my unfailing willingness to yield. During those 15 years, Weinfeld made it a point to represent himself as my closest friend, my champion and my defender. It is amusing that all of that should be dissipated at the first open dis-

(Testimony of John Sparks.)

agreement and my position changed from his confidant and friend to the worst that life can produce. It is still more inexcusable to extend it to include the boys. It happens that, from the standpoint of cultural background, character and breeding, as well as from the standpoint of their aims, ambitions, and ideals, they can well afford to disregard Weinfeld's criticism. As far as his strictures against me are concerned, my idea of an individual's worth is the value of his life to mankind. By that measure, I am sure I need have no fear of proper judgment, even if I now fail to meet Weinfeld's high code.

In conclusion, please advise if you are definitely authorized by Weinfeld to negotiate in the matter for him and if so when you will be ready to proceed toward a final determination.

Very sincerely yours,

JOE.

JBS:B

[Endorsed]: Filed Oct. 21, 1942.

The Court: Then, if you will make a brief reference to it.

(A summary of Defendant's Exhibit A-70 was made to the jury by Mr. Simon.)

Mr. Strauss originally received \$1,080,000 for his services to the Golden Gate Bridge District. Later he sued the District for extra work and recovered an additional \$250,000. He also received some

(Testimony of John Sparks.)

moneys for extra work during the progress of the construction. I cannot say what those amounts were, but probably not exceeding \$25,000. Somewhere between \$1,300,000 and \$1,400,000 would be pretty close. I could not say whether sums due from corporations in Chicago were collected as a result of Dr. Meyers' activity. They were collected.

Q. Calling your attention to defendant's exhibit A-71 for identification, I will ask you whether you recognize that as being the handwriting of—the signature on it being the handwriting of Joseph B. Strauss?

A. It is.

Mr. Simon: I offer A-71 in evidence if the Court please.

Q. Calling your attention to Defendant's A-72 for identification, I will ask you whether you recognize that? [297]

A. That is Mr. Strauss' signature.

Q. Calling your attention to Defendant's A-73—

Mr. Simon: I offer A-72 in evidence.

A. This is Mr. Strauss' signature. Is that what you want?

Mr. Simon: Yes. I offer A-73.

Q. I call your attention to Defendant's A-74.

Mr. Simon: Have you any objection to A-71?

Mr. Hile: Yes, I object to A-71 because it is written to a third party, your Honor; not shown to have been received.

Mr. Simon: I think this internal connotation shows its application, if your Honor please.

Mr. Hile: Not properly identified.

(Testimony of John Sparks.)

The Court: The objection will be overruled. It will be admitted in evidence.

Letter from Mr. Strauss admitted in evidence and marked Defendant's Exhibit A-71.

DEFENDANT'S EXHIBIT A-71

(Copy)

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

307 North Michigan Ave.

Chicago

November 2, 1928.

Mr. August Fritze,
225 Bush Street,
San Francisco, California.

My dear August:

Referring to the Richmond-San Rafael matter and the agreement reached between us, that in accordance with your proposal Dr. H. Harry Meyers should act as the arbitrator in the settlement of the matter in the interest of harmony and good will, at a meeting this afternoon between yourself, Dr. Meyers and myself, the Doctor named as an arbitration figure the sum of Five Thousand Dollars (\$5,000.00) to be paid by us to you; Two Thousand Dollars (\$2,000.00) thereof to be paid at this time out of the Ten Thousand Dollars (\$10,000.00) already received by me and Three Thousand Dollars (\$3,000.00) out of the Twenty Thousand Dollars (\$20,000.00) I am still to receive, this payment of

(Testimony of John Sparks.)

Three Thousand Dollars (\$3,000.00) to be made as and when I receive it.

It was further stipulated by you on behalf of your associates and yourself and agreed to by me that whatever figure Dr. Meyers set would be acceptable by us as binding and conclusive, and accordingly this instrument is a record that we have both accepted this figure and that the payment will be made in accordance therewith, so that harmonious relations would be reestablished between ourselves, yourselves and your associates in San Francisco.

This is in full settlement of all other matters other than the Golden Gate and East Bay projects.

Respectfully submitted,

JOSEPH B. STRAUSS

The Strauss Engineering Corporation

By JOS. B. STRAUSS, Pres.

The above is satisfactory and acceptable.

AUGUST FRITZE

Attest:

[Endorsed]: Filed Oct. 22, 1942.

The Court: I don't think it is necessary, Mr. Simon, to read the whole thing.

Mr. Simon: No, your Honor, I am not going to read that. I just want to call attention to very short excerpts.

(Testimony of John Sparks.)

(A summary of Exhibit A-71 was made to the jury by Mr. Simon.)

Q. (By Mr. Simon): What was the last one?

A. A-74. The signature of Mr. Strauss and that is his handwriting.

Q. That is the handwriting of Mr. Strauss?

A. Yes.

Mr. Simon: I offer it in evidence. [298]

Mr. Hile: No objection to A-73.

Mr. Simon: How about A-72?

Mr. Hile: I haven't read it, yet. It is rather long.

The Court: A-73 will be admitted, without objection.

Letter from Mr. Strauss admitted in evidence and marked Defendant's Exhibit A-73.

DEFENDANT'S EXHIBIT A-73

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
307 North Michigan Avenue
Chicago

April 3, 1929.

Dr. H. Harry Meyers,
Congress Hotel,
Chicago, Illinois.

Dear Dr. Meyers:

Herewith reply from Mr. Amman to my wire. I think I shall just leave the matter as it is. This

(Testimony of John Sparks.)

gives me the right to name Amman if I choose and also leaves it open for me to turn down his proposition if I wish.

Regarding the resolution which I gave you this morning, I asked Mr. Weinfeld to look this over and he has made some suggestions. I have revised same and enclose corrected copy in duplicate herewith.

Mr. Weinfeld says that in this form it will in effect constitute a contract and order and that we should therefore try to work it out along these lines, if possible.

I may, however, want to modify it further by not definitely committing myself to Amman, but this we can talk over when I see you in San Francisco Monday. I believe the matter from that angle is now in good shape.

Sincerely yours,

JOSEPH B. STRAUSS

JBS:A

[Endorsed]: Filed Oct. 22, 1942.

(A summary of Exhibit A-73 made to the jury by Mr. Simon and part of the exhibit read in haec verba.)

Q. (By Mr. Simon): Do you have A-75?

A. Yes. That is in the handwriting of Mr. Strauss and that is his signature.

Mr. Hile: No objection to A-72.

(Testimony of John Sparks.)

The Court: It will be admitted in evidence.

Letter from Mr. Strauss admitted in evidence and marked Defendant's Exhibit A-72.

DEFENDANT'S EXHIBIT A-72

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
307 North Michigan Avenue
Chicago

December 8, 1928.

Air Mail

Dr. H. Harry Meyers,
Palace Hotel,
San Francisco, California.

My dear Dr. Meyers:

I have your letter of December 4th and this is my first opportunity to reply. I am rushing around to get ready to get away. I am going to Los Angeles first, since there are some matters that I must take up there before going to San Francisco. Our plan, as you know, was to have you meet me there, but I note you think it inadvisable not to leave San Francisco at present. I will call you from Los Angeles and we can decide what program to follow. I shall probably have to be in San Francisco about the 20th and it may be advisable for you to meet me there and return to Los Angeles later. This will delay our program regarding the California Company, but I presume it will probably take to the first of the year anyway to get this in shape.

(Testimony of John Sparks.)

While I am in Los Angeles, however, I may talk to some people about the matter and may also be able to get a line on an office. I will also see the San Diego people, and of course Mr. Read and I have some contacts to make regarding the Rapid Transit, so I will be busy there for a few days anyway.

Mr. Weinfeld has looked over the contract and takes some exceptions. He is writing me a letter outlining his views which I will bring with me so we can discuss it. In the meantime, I am enclosing copy of the contract herewith so you can look it over in advance of my coming. I am very anxious, as you know, to get this California Company started.

Mr. Fritzie and Mr. Harlan made a very fine showing in getting the Golden Gate matter organized, so we are over that hill. No doubt the opposition may make further attempts to block us, but I do not believe they will get very far. As I understand Mr. Harlan, the District can go right ahead now and organize. In other words, if there is further litigation it wont stop the proceedings under the law.

As you say, the appointment of the directors is a most serious matter and reports from Mr. Harlan indicate that the appointments in the counties outside of San Francisco seem to be very promising. The big question is the directorate from San Francisco County. I think August knows what is being done in this respect and since you are working very closely with him, and since we have made an early

(Testimony of John Sparks.)

beginning, we should be able to shape up the Board the way we wish it. In fact, we must do that and also we must keep continually in mind the question of the Manager. I suggest you discuss with August the consideration of an outside man such as Mr. Cousins and Mr. Wilson of Toronto whom I have already mentioned while you were here. However, I believe a local man will be chosen and the question is to get the right one.

I am not surprised at O'Shaughnessy. He is the one man that we must watch and block. As you say, there is a lot to do in connection with this project and it will all take very careful handling. I am glad to note you believe that the Press will support the Golden Gate. This will be a tremendous asset.

I note that you are to Meet McInerny and will give him the information regarding Chapman and that you will get in touch with Mr. Read in the next few days. Also note what you say regarding the American Toll Bridge Company and think it very desirable to get all the information possible.

I had a letter from Mr. McPherson who seems to have a lot of projects lined up and as already stated, we want to arrange to keep him working to full capacity.

Mr. Cope has been here for the Bethlehem Company in connection with Longview and there are some projects of his that I think we can develop with Bethlehem which I will discuss with you when I see you.

(Testimony of John Sparks.)

I saw Hopkins by appointment Thursday and had a very satisfactory talk with him. He brought over Mr. Harris, County Commissioner, and I think I sold myself to Mr. Harris for the County Bridge. Modjeski has not been retained and the matter is in good shape and we have an excellent chance of obtaining the county bridge.

In respect to the city bridge, Hopkins wants to work the matter around so that Hoffman, the city engineer, will say that I should be appointed and I think he will be able to do this. I think the matter looks very promising. I have left it so that the matter will be handled now between Mr. Hopkins and our Mr. Paine and they will keep me fully advised. [Written in longhand]: Suggest you write Hopkins to keep him going.

I suggest you address any further communications to the Biltmore Hotel Los Angeles. I remain with best wishes,

Very sincerely yours,

JOSEPH B. STRAUSS

JBS:LF

Enc.

[Endorsed]: Filed Oct. 22, 1942.

(A-72 read to the jury by Mr. Simon.)

The Witness: This is the signature of Mr. Strauss on this letter which is A-76.

Mr. Simon: We offer A-76.

(Testimony of John Sparks.)

Mr. Hile: A-74 has nothing to do with this matter and that is my objection.

Mr. Simon: I offer A-74 in evidence and in connection therewith, your Honor, I should like to call this to your attention.

(The letter marked for identification A-74 was shown to the Court.)

The Court: A-74 will be admitted in evidence.

[299]

Letter from Mr. Strauss admitted in evidence and marked Defendant's Exhibit A-74.

No. 15187

DEFENDANT EXHIBIT

P 74

No. 15187

DEFENDANT EXHIBIT

204

My Dear Doc.

ADM 5/23/37

OCT 22 1942 Saw Surf and delivered the

program of procedure of which I
sent you copy. He thinks everything
going ok. I am to see him again
Friday. Am going up to Sac-
ramento tomorrow. Sincerely,

Jm

June 1/31

Did you write post to the printer
by Myrland to create a market
for my books. This will help
increase salesability our books.

News takes position our books, ^{readily} saleable
and the Outlook ST. not.

(Testimony of John Sparks.)

Defendant's A-77, A-78, A-79, A-80, A-81, A-82, A-83, A-84, A-85, A-86, A-87 and A-88 likewise identified by witness as bearing signature of Joseph B. Strauss, and admitted.

DEFENDANT'S EXHIBIT A-77

[Letterhead]

Los Angeles Biltmore

August 30, 1929.

Dr. H. H. Meyers,
Palace Hotel,
San Francisco,
California.

My dear Doc:

Herewith copy of letter to Mr. Fillmer. I thought it wise to write such a letter and am sending the copy to you for your information.

I wrote you a hasty hand scribbled note yesterday which I doubt you will be able to read. Translating it, it requests you to take the check enclosed to the parcel room and arrange to have some one take out my winter coat—which this check covers—put it in a box with a few gentlemanly moth balls—and have it stored away safely somewhere until I reappear on the scene. You can either keep the new check covering the coat so packed up—or send it to me, as you prefer. I hope you won't mind doing this—you have already extended so many courtesies including the last package you delivered to Richard,

(Testimony of John Sparks.)

that I am beginning to be embarrassed. I do think I ought to pay for the said package. Won't you please tell me what it was.

I neglected to ask you for the name of the man that you said served you as a traffic expert. I would like very much to have you give me his name and address.

Things at the movie company are now in good shape—all the old mixup being cleared away—with debts almost wiped out and a clear deck ready for the new organization to take over. Mrs. Armour signed her contract and is now an enthusiastic booster, and so are the Carpenteria people and the Gem. I am leaving everything in the young man's hands—marking time until you get your plans in shape.

I have also rounded up the Transit matter and the plans and report are shaping up nicely and will be ready by the time I come back. In the meantime they are in such shape that they can be presented at any time should you wish so. All you have to do is advise the young man and he can arrange to meet anyone with you and also to have Baker and Fox do the same. Incidentally, the Bureau of Light & Power here called on me yesterday and tendered their full co-operation and assistance. This is very important because of their influence, of the rights of way they control and of the power they can supply. It was a very happy circumstance.

(Testimony of John Sparks.)

My people on the aerial matter are all pepped up because of the publicity and I think that I have this well in hand. A group of them are going back tomorrow night and I will join them. They are all millionaires and that is the only thing that worries me because I won't be at home.

I will look for word from you at Chicago. In the meantime better watch your rest and health and also instruct me to do the same. I feel pretty much all in right now.

With best wishes, I remain

Very sincerely yours,

JOE.

P. S. Please send me one of your cards when you get them.

August 30, 1929.

William P. Fillmer, President,
Golden Gate Bridge & Highway District,
330 Jackson Street,
San Francisco, California.

My dear Mr. Fillmer:

I am sorry I did not get to see you before I left San Francisco, but we were occupied up until the last minute with Mr. McDonald and Mr. Harlan on the contracts, and I just had time to catch my train. Mr. Ammann left with me going back by way of Los Angeles, while Mr. Moissieff went direct. Mr. Ellis remains to take care of the surveys and borings and will keep in touch with you.

(Testimony of John Sparks.)

Mr. MacDonald went over the contracts very thoroughly as revised and approved them, and all three contracts were signed—that is I signed mine and Moissieff and Ammann each signed theirs. All that remains, therefore, is their formal execution by yourself, at the next meeting of the Board, and they were delivered to Mr. Harlan for this purpose.

I will return just as soon as the surveys and borings are in hand—in the meantime will take all the other steps necessary to get the project in full swing.

I wish again to express my great appreciation of the confidence reposed in me by yourself and the Board and to assure you that I will leave no stone unturned to make this great work a credit to all concerned.

With best wishes and assurances of respect, I am
Very sincerely,

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT A-78

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

307 North Michigan Avenue

Chicago

September 4, 1929.

Air Mail

Dr. H. Harry Meyers,

% Palace Hotel,

San Francisco, California.

My dear Doc:

I wired you yesterday rather fully so I will not repeat, my time being limited. I am glad to note that everything is in good shape but I will be anxious until after the next meeting of the Board and the final execution of the contracts. I would appreciate it if you would advise me just what day the meeting is to be held.

I hope you are keeping in mind the matter that I discussed with Harlan before I left and to which I called your attention, namely, to incorporate in the resolutions authorizing the signing of the agreements with myself, Moisseiff and Ammann, a statement that said agreements are executed under the terms and provisions of Resolution No. 29 providing for an Engineering Board, and copy of which resolution I am enclosing for your reference.

This is highly important since, as you will remember, Harlan in the contracts with Moisseiff and

(Testimony of John Sparks.)

Ammann did not use the language he should have used, i. e., he did not state that the Consultants "were to perform such other duties as may be required by the Engineer." He agreed, therefore, that this should be taken care of by incorporating in the resolution authorizing the signing of the contracts, a statement to the effect that these contracts are signed under the terms and conditions of said Resolution No. 29 and making it a part of the contracts.

I wish you would please keep in close touch with Harlan on this point and see if you can arrange to let him show you the resolution as he proposes to draw it up, so that you could check up on this point, or even better have Joe check up on it to make sure.

the three

I enclose herewith an outline draft of a resolutions which clumsily outlines what I have in mind. This will give you my thought and perhaps if you submit it to Harlan he will not take offense if you say that I thought it best to outline something to cover the point which he might consult to better get my thought.

If by now they have settled on terms for Derleth they should have a similar contract and a similar resolution for him and in his case it is especially important to have this statement included, namely that he should perform such duties as may be required by the Engineer. You will note that I have omitted the word "other." I would rather have it read "such duties" instead of "such other duties"

(Testimony of John Sparks.)

but perhaps we may not be able to get away with this.

Incidentally, I think we should not forget the matter of Derleth's compensation. For every reason this should be kept down to a nominal figure and I think you can bring this about on the ground that since we conceded to Derleth they should meet our viewpoint on the question of his compensation. To pay him a monthly salary or a yearly salary would be undesirable from every standpoint and would also tie us up to him permanently, which we do not want. To pay him a fixed sum would be the same. I think the only basis we should stand for is a flat sum for consultation, say \$100.00 per day when called upon. I think it very important that this be brought about and hope you can arrange it.

I think Derleth has already begun to evidence that he is going to try to make himself of importance; in spite of all his obsequiousness at the beginning, he will gradually try to edge his way in, so we must make sure that he doesn't get too strong a hold from the standpoint of contract or compensation.

Please give these matters your attention and let me hear from you promptly.

Sincerely yours,

JOSEPH B. STRAUSS

JBS:HC.

Encls.

(Testimony of John Sparks.)

P.S. Did you ever see Mr. Barnes of Byllesby Company and get matters started with him?

J.B.S.

P.P.S. Attached hereto is memorandum which Mr. McPherson gave me covering the Sausalito-Tiburon Bridge and the Western Pacific Railway. On the former you were to see Colenel Nippert, as you will remember. On the latter you had up the question of my appointment as Consulting Bridge Engineer.

J.B.S.

Resolution No. 29, Providing for an Engineering Board.

Resolved, that there is hereby created a board to be known as the Engineering Board of the Golden Gate Bridge and Highway District, to be composed of members who shall be appointed by the Board of Directors of said Golden Gate Bridge and Highway District, and that the number of members of said Engineering Board shall be within the discretion of said Board of Directors, and the said Engineering Board shall be composed of individuals or engineering firms, each to be known as a member of the Engineering Board. It shall be the duty of the Engineering Board to act in conjunction with the Engineer and act as consultants with him, to pass upon all engineering plans, specifications and contracts for the carrying out of projects of the District, to advise the Board of Directors upon all

(Testimony of John Sparks.)

engineering subjects, and to collect and prepare for the Board of Directors such statistical information as may be required by the Board of Directors, to act in conjunction with the Engineer of the District in the preparation of an engineering report which shall be the basis of the bond election, and to perform such other duties as may be required by the Engineer and by the Board of Directors.

Be It Further Resolved, that the Engineer of the Golden Gate Bridge and Highway District shall be ex-officio a member of the Engineering Board, and shall be its presiding officer, and shall be entitled to be present and participate in all of its meetings, provided that it shall not be necessary for said Engineering Board in order to act to hold formal meetings, but it may submit its findings, conclusions and recommendations to the Board of Directors in the form of signed reports and communications.

The members of the Engineering Board shall receive such compensation as may be agreed upon and fixed by the Board of Directors.

Passed this 15th day of August, 1929, by the following vote of the Board.

Ayes, Directors Trumbull, O'Brien, Maxwell, Filmer, Henry, Shannon, Stanton, Welch, Doyle, McMinn.

(Testimony of John Sparks.)

Noes, Directors None.

Absent, Director Westbrook.

Approved this 15th day of August, 1929.

W. P. FILMER,

President of the Board of
Directors

Attest:

W. W. FELT, JR.

Secretary of the Board of Directors.

Whereas, the Board of Directors of the Golden Gate Bridge and Highway District on August 15th, 1929, passed Resolution No. 29 providing for an Engineering Board, and

Whereas, said Board has been appointed comprising Joseph B. Strauss, Leon S. Moisseiff, and O. H. Ammann, and

Whereas, contracts have been entered into with Joseph B. Strauss as the Engineer of the District, and with Leon S. Moisseiff and O. H. Ammann, as Consultants, to act in conjunction with the Engineer of the District and to perform such duties as may be required by the Engineer.

Be It Resolved, therefore, that said contract with O. H. Ammann, as Consultant and member of Said Board, be hereby ratified and approved under the terms and provisions of said Resolution No. 29 and that copy of said Resolution is hereto attached and made a part of said contract, and that the President of the Board of Directors be and he hereby is

(Testimony of John Sparks.)

authorized to execute said contract in behalf of the Board.

August 28, 1929.

Memorandum For Mr. Strauss:

Relative to the matter of the Sausalito-Tiburon Bridge, beg to advise you that considerable effort is being made to finance this project at the present time. The Corporate Service Association, which is located in the Mills Buliding, San Francisco, is quite busy on Montgomery Street, and there is some possibility that they may consummate this deal. I am in touch with these people and, in the event that the project is financed, I will advise you regarding the matter of the Bascule and also the engineering.

I have been investigating the possibilities of the construction of certain bridges proposed by the Western Pacific Railway Company, and find that a major part of their program has been held up for the present due to their inability to receive authority from the Inter-State Commerce Commission for the extension of their lines.

R. McP.

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-79

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

307 North Michigan Avenue

Chicago

May 20th, 1930.

Dr. H. H. Meyers,
Los Angeles, Calif.

Dear Doc:—

Herewith the following documents relating to the permits on the Golden Gate bridge:

(1) Copy of letter of John W. Weeks, dated Dec. 20, 1924;

(2) Copy of Major Schulz' letter, dated Jan. 30, 1935;

(3) Copy of Secretary Hurley's letter, dated Jan. 9, 1930;

(4) Copy of President Filmer's letter to Hurley in reply, (from which date has been omitted);

(5) Copy of letter to Assistant Secretary of War Davidson, dated April 13, 1930, making application for road permits;

(6) Copy of my letter of Major Ropes, dated May 1, 1930; making application for approval of clearances;

(7) Copy of letter from George H. Harlan, dated May 16, 1930;

(8) Copy of wire from Richard J. Welch dated May 15, 1930;

(9) Also statement covering our position on the matter of clearances; and

(Testimony of John Sparks.)

(1) Letter authorizing you to secure return of my correspondence from Ben Grey.

I also enclose copy of letter from Perry, just received and copy of my wire in reply. I know nothing of Peckham & Company, and I did not authorize Perry to conclude any deals with them or anybody else on the rapid transit or on the Golden Gate bridge. Neither did I enter into any agreement with him to represent us or to pay him any money until I could see what he could do. So far it is all prospective. There was a definite understanding regarding Kansas City and Hudson River, and that was to the effect that he was to put this through, getting all his returns from his own company, without any obligation on our part. You will note that so far he has nothing definite on either. At that, he may be all right, but I told him in New York and I am telling him again that whatever arrangement is made will have to be made through you, and I leave it to you to sift the thing down and see whether the thing is bona fide or not, and when I get there, we will work it out and see if it is worth while.

Very sincerely yours,

JOSEPH B. STRAUSS

Joseph B. Strauss

JBS:K

(Enclosures)

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-80

[Letterhead]

The Ambassador

Los Angeles

May 26, 1930

Dr. H. H. Meyers,
Congress Hotel,
Chicago, Illinois.

My déar Doc:

I have your letter of the 24th and note that our man, Green, has again disappeared. He hops around almost as much as the proverbial flea. Under the circumstances, the only thing you can do is to see the New York people and if that looks good for immediate closing, I would do it, and forget Green. In the meantime, I think you ought to wire Green and find out whether he will make a definite appointment which he will keep, to time in with your time in New York, or your return to Chicago.

I now definitely plan to be in Chicago June 2, leaving on June 3 directly for Washington, arriving there on the 4th and remaining in Washington, the 4th, 5th and 6th. I shall then go to New York and remain until the 10th when I shall leave for Chicago, remaining in Chicago until the 13th, spending the 13th and 14th in Cincinnati, and returning to Chicago Monday the 16th, and leaving for Sacramento that evening. This schedule is nec-

(Testimony of John Sparks.)

essary since I must be in Sacramento to meet the Highway Commission on the 19th.

Perhaps you may still be in Chicago when I get there, but in any event you are to meet me as per agreement in Washington on the 4th. Harlan is going to meet me there and he plans to arrive a day or so ahead, and also plans to stop at the Washington Hotel. Therefore, I think you better stop somewhere else. I will stop at the Willard and I dont see any reason why you cant stop there. Please advise.

I finally got Harlan around to full agreement with me in regard to our position, and he has now written up a very strong brief with citations from the Supreme Court, etc. which I think settles the issue absolutely, first that we have authority and a permit, and second that the clearances have also been established in general, and that the only thing remaining to be done is the approval of the detail plans. I feel very good about this now and think we will have a tremendous surprise for the Secretary of War and the Chief Engineer when we get there. I am not advising any one until we do get there, because I do not want to give them time to come back.

We had a very successful meeting with the State Highway Commission and they have agreed to build the main roads on both sides and to take definite action at their next meeting on the 19th. In the meantime, Harlan is to send them a further brief on all the legal points, which is to be elaborated on

(Testimony of John Sparks.)

by their attorney and then go to States Attorney Webb for confirmation. This will clean up that situation very satisfactorily. That is the reason I have to be back there on the 19th.

Filmer has agreed to call a special meeting after I get back and I am suggesting that he call this for the following day, that is about the 20th, at which time we should take up the question of preparing for the bond election, organizing the campaign, etc. I have had several talks with Duncan, and also with Wedeles, also with Dunbar on that subject, and I want to talk to you about it when I see you.

I feel better about the whole thing now than I have ever done, and think the situation in general is very excellent.

I enclose some photostatic clippings which I think will be useful to you in your talks in New York, and also in Chicago, particularly in showing that the difficulty regarding the Government has vanished. At any rate, I am satisfied it will vanish when I get to Washington, so if this should be an excuse, that excuse will be removed on the 5th of June. I wouldn't talk too much about this for the reason already stated. I don't want to give the War Department too much notice.

I had a long talk with Joe and Klatt, and the latter finally made a definite proposition which looks pretty good, and which eliminates Derleth, and also the obligation to the Ferry Co. It means about \$100,000. down to take the whole thing over. Joe is

(Testimony of John Sparks.)

checking up the legal end of it, and if we could work out a deal with your friends in Chicago we could get the whole thing in our hands.

I note that Stein has not yet committed himself. I think you will need Klein along to ~~make him~~ take the lead. I think Klein is the aggressor. Dont forget the plan I suggested working out with S. W. Strauss & Co. I have become more and more convinced that that is the game to work. It would enable us to handle the Richmond-San Rafael deal, also our Kansas City proposition, and others. I feel very certain that this is the thing we should work out.

I have heard nothing further from Perry but am pretty well convinced now that he is a windbag. However, you will soon be able to tell.

Dont let the depression distress you. I am satisfied that it is nearly over and if we can do what we have in mind it wont affect us in any way.

I am very anxious to hear of your talk with General Davis, and also General Ellis, also Weinfeld, Stein and Klein.

I have my report pretty well lined up and hope to have it preliminarily completed before I start back the end of this week.

I am about the same, and hope that you recovered some on your trip across the continent.

Chapman Park Hotel had a fire but Mrs. Meyers

(Testimony of John Sparks.)

was not disturbed. She is feeling very well. I will call her again today.

With kindest regards I remain

Very sincerely yours,

JOE

Jos. B. Strauss.

JBS C

[Endorsed]: Filed Oct. 22, 1942.

DEFENDANT EXHIBIT A-81

[Letterhead]

At the end of the trail stands the
historic Palace Hotel, San Francisco

San Francisco

September 9, 1930.

Dr. H. H. Meyers
Ritz-Carlton Hotel
New York, N. Y.

Dear Doc:

Recalling my statement regarding obtaining expressions of opinion from responsible contractors as to the sufficiency of the bond issue for the construction of the bridge, I believe it is very important that these be obtained. I suggest that you obtain same from McGovern and possibly one or two others of the larger general New York contractors—the larger they are, the better. I enclose a draft of the kind of letter that I think should be written and you will note I am wording this carefully in order that our friend may not over-emphasize the plans

(Testimony of John Sparks.)

as the basis of this letter. I think you will understand.

As soon as you obtain such letters, please have them directed to me and I think they should be sent at the earliest possible date, air mail.

Everything is now pretty well straightened out but it has required careful handling and I have had to swallow a great deal.

I am very anxious to hear from you at the very earliest possible moment.

Very sincerely yours,

JBS N

JOE

[Longhand]: The text of the letter will have to be copied for each one.

[Endorsed]: Filed Oct. 22, 1942.

DEFENDANT EXHIBIT A-82

[Letterhead]

William Taylor Hotel

San Francisco, July 12/31.

My Dear Doc:

I feel that we are all set now on the program I outlined to you over the phone last night. It has been handled by Mc.S & myself & we have pledged to keep it between us till the Board meeting Wed. In other words we wont take even a chance with the Board Committee—so please treat it strictly confidential. Meantime we are letting the press & public think that we are still trying to work it out.

It has been some job—for it was all set with Mac

(Testimony of John Sparks.)

& the Board to stop proceedings & do nothing until we get the Supreme Court decision. except levy another tax which could not be collected till January. It was a desperate situation & I had my hands full switching them around—but I have gotten Mac with me & the Board Committee & Filmer & Keesling. Also I saw to it that S. had authority to act & that the Chicago people were in unison.

I have gone clear beyond my job but everybody seemed to be glad to have me do it. Everybody was bowled over & so in fact was I, but I recovered first. I think we shall award contracts Wed & sign up for the bonds & I presume it will take the balance of the week to agree on the various details of procedure. So I am glad you set Monday the 20th for beginning on the Los Angeles projects, for that's the earliest I will be there.

I think you should set the Westlake hearing first & I think also you should make Westlake the special order of business for that day. If you make the day Wed. that would give 2 days for any advance meetings with [illegible] friends or the others, so that I can oriente them properly. But the real work must be done before that & I dont think either one should rely too much in [illegible] or Boyd. I find ^{they} that one has got to do things directly or ~~it~~ wont be done.

The same as to the Airtram I would not wait on Bernheimer, but get busy with your own people or get to such men as Bullock without waiting on Boyd. We must plan on starting—Even if we only get one

(Testimony of John Sparks.)

subscription or pledge whatever it is. The rest will follow as soon as we open a suitable office & have a regular organization to do things.

We have spent so much time now in paving the way & in building up our case on both this & West-
lake & supplied models & literature and what ^{not} ~~now~~—
that now the time has come to bring them both to a head & a conclusion. Let's fix to do that the week beginning the 20th. We can. I'll be there to go on the trip with you—meantime complete your preparations, check over your ammunition, polish up your guns and get ready for the big push. Let's do it & do it now—for we must for many reasons.

Let me hear from you. I'll let you know the outcome Wed.

Sincerely,
JOE.

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT EXHIBIT A-83

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
Main Office—Chicago, Ill.
405 Montgomery Street
San Francisco, Calif.

January 15, 1931.

Dr. H. Harry Meyers,
41 East 42nd Street,
New York City.

Dear Doctor:

I have your letter of the 12th and enclose an additional clipping today. I hope you are right that all of this does not mean a thing, but they are certainly active and I hope that you will be able to get back to be on the firing line before they get too big a start.

I also enclose a clipping about James—as I understood it, you were to see him this week. Either they have given you the wrong steer or the clipping is wrong. In any event, you will note that he expects to be here for two or three weeks so you will be able to see him here. I have wired you today to this effect.

I also enclose a letter from our friend, August. I think it would be better for you to reply to this letter than for me to do so and wish you would advise me in reply by wire—or should I take it up

(Testimony of John Sparks.)

with Clausen, telling him the facts and let him do it? As I remember it, I have a complete release from him on the one matter but this is supplemented by your personal agreements with him and therefore I think you are the man to write, but I await your advice. On the Richmond-San Rafael matter, not only has nothing been done, but it is likely that nothing ever will be. However, this fellow is evidently determined to keep his hand in and I think that either now or when you return we ought to take positive steps to stop this infernal annoyance.

I enclose 3 letters covering recent correspondence which will be self-explanatory. This is the most disturbing thing that has occurred. This fellow has a vague and wild theory about the general deterioration of the earth's surface at the site of the San Francisco pier. They first tried to prove that our pressure was 18 tons and then, after that, the contention was not that the bridge would not stand up but that it might not last 100 years. The thing is so far-fetched and this so-called expert is so persistent that I am doubtful of the motive. Also, I am extremely hesitant about the employment of the men suggested for if they should render an adverse report, it would be very difficult to overcome it, even if it were proved wrong. You will note that my last letter of the 13th has not yet been answered. I believe this letter will sort of upset the theory but I am taking steps to get other opinion and when the consultants convene, I intend to put the whole matter up to them and I feel sure that they will

(Testimony of John Sparks.)

be compelled to sustain my position on this matter, which is theirs—in other words, I don't think they can afford to back down. If you have any suggestions, please let me have them promptly. Do you think I should see Joe?

I sent you a wire this morning asking for specific instructions regarding what I was to say to the New York man—if this is sent Air Mail today, I will get it in time, since these people will not be here until Monday.

I am glad to write Horsely and note that you have an appointment with Raskob's man. I hope, however, to hear further from you regarding Kelly and his people. Is that deal still on—or what?

I think it best not to bring up the Bethlehem transaction at this time unless your interview with Schwab and Grace should be of such nature as would make it opportune. I am sorry you are having so much trouble, but apparently that is all that we get.

Other than the incident mentioned, everything
Schneider
here is going satisfactorily. Mr. ~~Snyder~~ of the
American brought in a substructure contractor who
built the foundations for the Southern Pacific bridge
and introduced him to me personally and we had a
very long and satisfactory chat. I asked him specifically whether he was afraid to tackle this job or whether there was any reason why he would not tackle it and he ~~has~~ specifically stated, in the presence

Schneider
of both Pratt and ~~Snyder~~ who were with me in

(Testimony of John Sparks.)

the room, that they wanted the work and wanted it badly and that they would fulfill any requirements or conditions that were imposed; also that they had made a thorough investigation and were prepared to build the foundation and guarantee it. Incidentally, they have had their men in Chicago, with Paine, and have also had two or three men here discussing it with Pratt for the past week.

Schneider

Mr. ~~Snyder~~ also expressed his keen desire to get the work quickly—the quicker the better—and again expressed his complete satisfaction with the plans and the amount of money available. All of this evidences that general sentiment is 100% and that, beyond this latest instance above referred to and which I think we can meet, everything is in fine shape. However, I will feel better as soon as you report some success there and return to the coast. I realize what you say about fighting on the firing line without munitions but at the same time we cannot drop the fight now and abandon the ship in midstream. You will remember that one reason I did not want you to go was because I needed you here and only consented to your going because it was apparently so certain that this third trip would be the last one. I realize that you are doing everything you can to get back but I merely want you to understand that I am not urging you for any

(Testimony of John Sparks.)

other reason than that I think it is important to the mutual interest.

With kindest regards, I remain,

Very sincerely yours,

JOE.

[Longhand]:

P. S.—The one eyed man just dropped in & I told him of the Cameron incident—He will help. Inquired when you return. Very cordial.

JBS:B

8enc.

[Endorsed]: Filed Oct. 22, 1942.

DEFENDANT EXHIBIT A-84

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

Main Office—Chicago, Ill.

405 Montgomery Street

San Francisco, Calif.

January 23, 1931.

My dear Doctor:

I have your letter of the 19th, your wire of the 21st and likewise your wire of the 22nd. It is now my turn to assure you that for the first time, I know that we are all set to go through. Also, for the first time, I know that the Board is a unit, not only in supporting me but in a determination to put the project through and likewise the Engineering Board is a unit on all points.

(Testimony of John Sparks.)

From the President down, the Board now stands solidly behind me and has assured me to that effect and the Consulting Board is likewise unanimous in its support. Our meetings were exceedingly harmonious. MacDonald was present through all of them and proved himself a diplomat and a friend and I am sending you a copy of his report because you will see that it contains not only continuous reference to me but also an open statement of satisfaction with my work. This, in itself, is sufficient.

Filmer gave a dinner meeting to the Directors and the Engineers night before last which was a very happy meeting all the way through and at this meeting Cameron made a speech declaring himself in full support. He has been very cordial to me and through MacDonald we have succeeded in winning him over. The Board is going to engage his man Kinzie and MacDonald is also going to engage another geologist and also give a further fee to Lawson so as to thoroughly cover the question of foundations under the San Francisco pier. Neither MacDonald nor the Consultants have the slightest doubt of the foundation sufficiency or the vague fear which was conveyed to Cameron by his man, Kinzie, and Lawson, in a telegram to me reconfirmed in the most positive terms that it was all imaginary. However, as a matter of policy the above arrangement will be carried out and that ends that chapter. Also, as a matter of policy, MacDonald may engage Moran later to give an opinion on this San Francisco pier. I know Moran, for he was called in on the Long-

(Testimony of John Sparks.)

view bridge by Bethlehem and couldn't do anything else but sustain our conclusions. He will do no more here, particularly since by arrangement with Moisseiff, the latter will guide him.

The whole situation is very satisfactory and it would have pleased you to see how harmonious the meeting was yesterday and how every one of the Consultants, when called upon to express his opinion, emphatically supported me in every small detail. Furthermore, they were all highly pleased with the work done on the plans in Chicago and the work done here and on not a single detail was there any conflict or dispute; in particular the matter of the Chicago man is entirely satisfactory and he is working along in harmony with all the rest.

The only thing that is not exactly as I would like it is the time schedule for the reception of bids and my reason for dissatisfaction in this respect is the delay in the receipt of our next payment. This is going to make it very difficult particularly in view of the apparent inability to get anything but promises from the two Chicago bodies who owe us so much. I don't know just at this moment how I am going to handle it, but we will have to work that out. However, in other respects, the postponement of the opening of bids until June 1st is in the interest of the work and in fact, absolutely necessary in order to get it in shape and in order to permit all the details on the bonds to be adjusted.

There is no question that we are going to have spirited bidding on the bonds in spite of the efforts of the Southern Pacific to discourage bond bidders.

(Testimony of John Sparks.)

Harlan and his two attorneys are working out the details very satisfactorily and it is the opinion of MacDonald and the bond committee that everything on the bonds will be in shape well before June 1st so that the opening of bids will coordinate with the sale of the bonds.

The Southern Pacific also tried to start trouble through the legislature, which, of course, we anticipated. We have direct proof that this was done through a man by the name of Cole, who is the railway lobbyist there but the bill was killed almost before it was born, while the three bills that Harlan has in covering certain features relating to the bonds are well under way and going through rapidly and one, in fact, has already been passed.

I enclose herewith copy of letter from the Helmers Company in evidence of their willingness to take the substructure contract and the same interest has been exhibited by every one of the contractors, both sub and superstructure. I believe that even concerns outside of the United States may tender, so we are going to be rather independent. In addition to this, the entire community is behind the bridge and are ready to crucify anyone that tries to stop it. The temper of the people has been expressed in no uncertain terms in this regard.

As stated in my report, we have come to a satisfactory understanding with the United States Government and the State of California regarding the roads and, in fact, everything has worked out in the most satisfactory manner and there is a spirit

(Testimony of John Sparks.)

of enthusiasm here which is in striking contrast to the reports that you have received. Quite clearly the same agencies that have been reaching in to the Examiner and the bond bidders and the legislature have reached into the East also in order to create doubt and try to erect obstacles. We may expect this rotten outfit to continue to do that. We know that the Examiner was reached through the Fleishhacker group who carried them through their recent financial troubles and we also know the the opposition will continue to erect obstacles but it has reached a point where everybody knows—and particularly where the Board knows, and this attack made by the Examiner brought about a splendid demonstration of the unity of the Board. It didn't scare them a bit and didn't worry them—the only effect was to make them more determined to go through. With Cameron on the Board now we have an invaluable ally. He takes a great interest, has shown constructive ability and has pledged his complete support, as already stated, while the Call and the News are still behind us to the fullest extent.

Dont forget that the bond issue has passed; that the Board feels keenly that it has a mandate from the people that must be carried out and they also are convinced, after meeting the consultants and from their joint report and Mac Donald's report that we are well within our limit so that their pledge can be kept. Nothing, therefore, that the opposition can do matters and all of their attacks are futile and meant merely to disturb those who dont know and who are willing to be disturbed. I am a little fed-up

(Testimony of John Sparks.)

on the willingness of certain people to believe the worst and run to cover every time they hear a sound. I think it is time for these people to show a spark of manhood and use their heads instead of their ears. I want to announce, once and for all, that we are going to build this bridge and that nothing on earth can stop us.

Mr. Ammann returned to New York last night and Mr. Moisseiff starts back either tonight or tomorrow night, going straight through. I think you can get a confirmation of the above general situation from them and I think it would be desirable for you to do this as it will give you a pretty good line on the whole situation and satisfy you that we are now definitely on our way. Of course, we are going to have these attacks continue and of course they are also going to continue to attack me but I am taking every precaution so that they will have nothing to hang their hats on and I am also taking the precaution of having the Board of Consultants and also Mac Donald endorse everything that I do. MacDonald and I are working in close harmony and I am going to see that nothing disturbs that. I believe that that will be my safeguard.

Your wires, of course, are indefinite, and I don't know just what it is that you have heard nor to what you refer in your wire of the 22nd when you say that you have had a reaction of what is transpiring in San Francisco nor just what you mean when you say that reports given you were very rotten. Nor do I understand just exactly what you

(Testimony of John Sparks.)

mean in your letter of the 19th when you say that "so much transpired while in San Francisco I did not want to tell you all". I have seen no evidence other than the things referred to in this letter and if there is I think you should give me full information so that I can judge intelligently. If this letter does not cover these points please tell me just what they are by reply mail.

I will take your suggestion and will not answer Fritze—neither will I go to Joe because I think it is unnecessary. I have only had Clausen do one or two things and I dont think that he can make any great charge for these. I have had only one letter from Weinfeld and there is nothing of any particular importance in it. I think perhaps if you dont connect with your people in the East or with your man Swift in Chicago it might be desirable to arrange with Weinfeld to start the California organization and we can probably supplement that by getting some support out here. I think this is essential for we must do something pretty quick in Los Angeles and Seattle if we are going to do anything at all.

I cannot make much progress on the Westlake matter in Los Angeles or on the other Los Angeles projects until you get back and if we dont get started on the Westlake matter soon, it will be too late and the opportunity, money and time put in will be lost. Also I cannot keep Charlie around here indefinitely without some understanding and arrangment. He is ready to go up to Seattle any

(Testimony of John Sparks.)

time and I think he could accomplish a great deal there, while Chipman has sold his house in order that he may be free to go to Los Angeles or any other place, so the situation requires action shortly. I have suggested to Duncan that he speak to one or two of the big men he knows in reference to joining in with us if it becomes necessary and he is going to do this.

I hope you are making progress with Kelly or the other people on the reproducer and look forward to your advice on this and the various other matters promptly.

Sincerely yours,

JOE.

Dr. H. Harry Meyers,
41 East 42nd Street,
New York City.

JBS:B

3 enc.

[Following in Longhand at Bottom of Letter.]

I enclose herewith clipping from todays Chronicle, which sustains my report as given you above.

I also enclose copies of two wires from the office which shows the troubles I am having financially. You will realize how this worries me, especially since we wont get any money here till July. I have been hoping for some success on the movie deal etcetera as a way out. If not I dont know just how I will manage. I will keep on hoping that you will make the grade.

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT EXHIBIT A-85

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
Main Office—Chicago, Ill.
405 Montgomery Street
San Francisco, Calif.

August 28, 1931.

Dr. H. H. Meyers,
Ambassador Hotel,
Los Angeles, Calif.

My dear Doc:

Herewith is a copy of my letter to Mr. Filmer which I mentioned to you over the 'phone today.

I am also enclosing a copy of an argument which I would like to get someone on the Board to present if there should be any question on the matter. I will discuss this with you when I see you.

Sincerely yours,

JOE.

JBS:B

2 encl.

Mr. Strauss is in the same position as any contractor. Contractors receive payment for their work as the material is furnished and placed, only a small percentage being retained out of each payment to protect the District until completion. This is the form of all the contracts that the District has

(Testimony of John Sparks.)

made and of all other contracts for construction, and Mr. Strauss should receive the same treatment from the Board that the Contractor receives.

The mere fact that he went ahead and did this work in good faith does not alter the situation. The Board ordered him to do the work and has accepted and used this work in letting the contracts and legally the Board, or anyone else, is obligated to pay for the work ordered—whether a contract exists or not. Any court would so hold. However, under the provisions of the Strauss contract, the only question involved is the question of time of payment. It is specifically provided that payment must be made. If the project is not proceeded with, provision is made in the contract for payment for the reasonable value of the services performed up to that time, money for this payment to be raised through tax levies. This, therefore, makes the District liable for this work in any event.

It has been stated that Mr. Strauss should have asked for a change in his contract at the time he was ordered to do this work. While he did not ask for a change in his contract, he did ask for an advance payment of \$35,000, which the Board cut to \$17,500. In this payment, the Board, in my opinion recognized the obligation. It is evident from the action of the Board at that time that, had Mr. Strauss insisted on a change in contract, it would have created a very difficult situation and, in my opinion, he should be highly commended for financing this work on his own initiative without embarrassing the Board. He is financing the District

(Testimony of John Sparks.)

to a far greater extent than the bond houses are willing to finance it now and if the Board is willing to pay the financiers for their financing, it should be willing to pay Mr. Strauss for his financing.

Had Mr. Strauss not done this, and insisted on full payment, it would have meant a tax of from 3 to 5 cents. Since the sentiment of the Board has always been against additional tax and since we have already rescinded the 2 cent tax recently imposed, it is evident that Mr. Strauss' sacrifice in proceeding with this work was the only thing that permitted the work to go ahead.

If he has insisted on payment before proceeding, as he had a perfect right to do, it would have meant that the additional borings could not have been contracted for. And had Mr. Strauss demanded the change in his contract at that time, then the pledge that the Directors made not to proceed except on a guarantee that the cost would not exceed \$35,000,000 could not have been kept.

We had no hesitancy in paying the additional borings although these could have been deferred and made a part of the contract as originally contemplated. we had no hesitancy in employing Professor Sedgwick and Mr. Kinzie on the basis that they were necessary and we had no hesitancy in financing the Information Bureau to place information on this project before the people; we had no hesitancy in voting a substantial sum of money just recently to argue our case before the Supreme Court.

We ordered all of these things and are paying for

(Testimony of John Sparks.)

all of them and in my opinion, none of them is more essential or as essential as the work Mr. Strauss did on these plans, and by all that is just and fair and reasonable, we are obligated to pay him for his work just as fully and just as willingly as we paid for the rest.

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
405 Montgomery Street
San Francisco, Calif.

August 28, 1931.

Mr. William P. Filmer, President,
Golden Gate Bridge and Highway District,
330 Jackson Street,
San Francisco, California.

My dear Mr. Filmer:

In my recent letter, referring to a partial payment to me, I confined myself to the value of the plans and the work delivered as the basis for my request for \$100,000 on account. I feel that this is the one basis upon which the District should make a payment, since I am in the same position as any of the contractors who will receive their payments on the valuation of the work delivered and in place, less a retained percentage for protection of the District, which, in the construction contracts, is 10%.

Since, in my case, the payment asked is only 20% to 25% of the value of the work delivered, leaving the amount retained by the District 75% to 80%, I feel that, from the standpoint of protec-

(Testimony of John Sparks.)

tion to the District, there can be no question. I also feel that there can be no question in the mind of anyone that to produce work valued at \$400,000 to \$500,000, there is represented an actual cash investment of not less than \$300,000. What I am asking is only one-third of that figure.

Of this one-half, \$55,000 represents loans to help carry on this work; \$13,000 represents bills for services and supplies, unpaid; and \$26,000 represents the cost of the personnel engaged on this work and the attendant expense for a period of three months from the date of the decision to go before the Supreme Court. As already pointed out, certain phases of the work must be continued, just as we have continuous pouring of concrete, to avoid setback and loss.

The sum total of these amounts is \$94,000. The first two items, which cannot be evaded, total \$68,000 and if they only were met, it would leave me without funds to carry on the work or, in fact, to cover the obligations I have already incurred for the one month of the three estimated. I cannot very well ask my men—especially those with families to support and homes to carry—to work without some compensation. I have already been compelled to ask sacrifices of them.

It will be evident from these facts that, in naming the amount of \$100,000, I sought only to meet the urgent need and that Mr. Ruckstell's suggestion of reducing it by the amount already paid thereon—that is, \$82,500—would mean stretching the third item of \$26,000 very far, unless an earlier decision

(Testimony of John Sparks.)

than anticipated were obtained. That the figure of \$100,000 is reasonable, is further apparent from the fact that Mr. MacDonald stated to the Board, when this matter of temporary financing arose, that this amount should be provided for me, and Professor Derleth has also so expressed himself.

As already stated, I do not wish to jeopardize the interests of the District in the slightest degree, but since, as I understand it, with a loan of \$150,000, my urgent need and the District's bank loan of \$40,000 can be met and a working fund of \$37,500 provided for the District, I feel that such a solution would be an eminently logical one and would relieve the very critical situation in which my staff and myself now find ourselves.

I beg to point out that the suggestions of a lesser amount made from time to time would not meet my situation. As I understood Mr. MacDonald, the express purpose of making this loan was to take care of the bank loan and of my necessities. Since, on the above showing, this can be done, and in addition leave a substantial working fund for the District, I earnestly ask that the above amount be set aside for me out of any such loan which may be negotiated.

I am writing this further letter in order to put my situation frankly before you and I leave myself in the hands of the Board, feeling certain that they will deal fairly and justly with me.

Very sincerely yours,

.....

JBS:B

Joseph B. Strauss

(Testimony of John Sparks.)

DEFENDANT EXHIBIT A-86

[Letterhead]

The Ambassador

Los Angeles

November 2, 1931.

Dr. H. H. Meyers,
Ritz-Carlton Hotel,
New York, N. Y.

My dear Doc:

I enclose copy of letter from Mr. Duncan, also wire from him, and also letter just received from Mr. Barrett. The Barrett letter I received only this morning and it is interesting in that it indicates that the impression that the Southern Pacific is through after the Supreme Court acts is too hopeful a view. However, any suit on such grounds would be the height of assinity and I can't imagine would have any effect whatever and I think we can meet that easily at the time.

The important consideration is the delay in the ruling. I don't think the rumor mentioned in Duncan's letter is true, but there is no question that continued delay is serious. I thought we had until the end of the year instead of the fifteenth of November, but if that is not true, as I now understand is the case, then we have to get our decision by the 12th at the latest. Hence by suggestion that possibly it would be desirable for you to take it up with Herman. Personally however, I feel that every-

(Testimony of John Sparks.)

thing is being done that can be done and pressure might be risky. You will know what to do.

I also enclose copy of letter from Hoover of Oct. 29. I think he is a splendid man and has got things lined up there, but I am afraid that he is figuring on the Strauss Company putting up the money to carry him, and that is out of the question. I intend to stall going up there until we can meet there.

No time to write more now. Hope you are better and anxious await full advice regarding Smith, Galvin, Ryan, etc. With best regards, I remain,

Very sincerely yours,

JOE

JBS/H

[Telegram]

(Copy)

1931 Oct 31 PM 1 08

SJ161 38—FC San Francisco Calif 31 1252P

Joseph B Strauss

Pacific Coast Club

Long Beach, Calif.

Examiner And News Editorially And Otherwise Today Call Attention Supreme Court To Necessity For Ruling Before November Fifteenth Expiration Date Of Bond Option Stop Construction Contract Arrangement Expires January Fifteenth Stop Feel New Items Today Will Have Effect.

CHAS. W. DUNCAN

(Testimony of John Sparks.)

(Copy)

Strauss Engineering Corporation
Consulting Bridge Engineers
405 Montgomery Street
San Francisco, Calif.

October 30, 1931.

My dear Joe:

I have just had a talk with Mr. Felt and this is what I gleaned from him:—

First, he says that he has information which leads him to believe that Judge Olney was led astray by Mr. Ornbaum—or, rather, led into acting as a front for Mr. Ornbaum and that they left many points which were to be decided by the court to Mr. Ornbaum and were very much surprised to find out afterward that Ornbaum did not give them the straight information. This appears to be the reason why they brought up many points which had already been settled by the courts.

Second, it seems that Mr. Moisseiff, when he was out here, said that he had heard before he left New York that the banking interests were definitely ready to take these bonds the moment the Supreme Court decision came down, irrespective of any suits that were to follow.

The meetings of the Supreme Court will be, from now on, Monday Nov. 2, Thursday, Nov. 5, Monday November 9th and Thursday, November 12th and Monday the 16th. One of the newspaper men called up Justice Waste and asked him if he

(Testimony of John Sparks.)

could give the newspapers any information as to when the decision would come down and the Judge said that there would be no use for them to worry about the decision or to 'phone him about it for at least two weeks—which they are inclined to take as meaning that the decision will come down at the meeting of the 12th.

A rumor has been constantly repeated on the street (in fact, McPherson was just in repeating it again, as he has heard it this afternoon) that the Supreme Court, through outside influence, is going to hold the decision up long enough to void the bond contract. Mr. Felt. called up Mr. Filmer and they talked it over and conveyed this information to Justice Waste—that is, for the purpose of informing him that such a rumor was about and if possible to speed up the decision.

In the case of the charter, I learned today from Mr. Harlan that the case was before them only a few days when they handed down the memorandum decision. This is because they were able to take advantage of several points that had been studied in connection with the Golden Gate suit. Mr. Harlan stated that, while he did not believe in information emanating from the Supreme Court, yet he had information which seemed very direct to him that confirmed the statement that Waste made to the newspaper man—that the decision would be down about the 12th. I told Mr. Felt that I was going to forward this information to you and he said by all means to do so but to ask you to keep the point

(Testimony of John Sparks.)

about the newspaper man's telephone call to Judge Waste and the Judge's reply absolutely confidential.

Mr. Huggins 'phoned me this morning and asked me to go to a Commonwealth Club luncheon this noon at which Mr. Kyoji Suyehiro, famous Japanese earthquake scientist, was to speak. The result of this speech turned out to be that no one could foretell earthquakes, and that, all together, they know very little about earthquakes, this being a slap at Mr. Bailey Willis, who was supposed to have predicted the Santa Barbara earthquake and who sat next to the Japanese at the speakers' table.

In talking with Huggins, he had a suggestion which I carried out and that was that it might be of value to us to collect all the editorial comment which was made by the New York papers on the opening of the Hudson River Bridge—that this might be of great value to us in the future, because they will undoubtedly eulogize the opening of this bridge, pointing out its great benefits etc.—information of this sort may be of value to us later. So I have arranged through the clipping bureau to collect this at once. I hope this meets with your approval.

Mr. McPherson is waiting for a telephone call from Knight's Landing—they met at 2 o'clock this afternoon and he expects a call before 5. If he comes in before 5.30, we will include this information.

Now this is all the news I have for you except that I am sending you a copy of the Liberty Magazine which contains an article on railroads by

(Testimony of John Sparks.)

Theodore Dreiser which is tremendously interesting and bears out what was in the article we recently read in *Advertise Arts*—the statement of the deplorable condition of the railroads and their lack of keeping up with the times. You will not that at the end it says it will be answered by a certain railroad president in the next issue. You will be able to buy that down there.

Altogether, the situation looks up here as though we have about 10 days to wait so I feel that there is nothing, certainly, that you can do here in the meantime to speed things up—so take your time down there, get all the rest you can because things will start popping the moment the decision comes down and you will need to build up a reserve strength to handle the situation.

One other thing—Drew states that while your patent on the lubricating device is rather loosely drawn, in his opinion there is a direct infringement. He is going to prepare a statement for you which I will forward.

Mr. Samworth asks me to convey to you the information that he has not quite finished the drawing of the pneumatic spring based on the last changes but will have it finished tomorrow and send you a print.

This being absolutely all the news, I will close, with kindest regards,

Sincerely yours,

CWD:B

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT EXHIBIT A-87

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
Main Office—Chicago, Ill.
405 Montgomery Street
San Francisco, Calif.

Nov. 13, 1931.

Dr. H. H. Meyers,
Ritz Carlton Hotel,
New York City.

My dear Doc:

I got back this morning and on the train I met the Governor and talked with him, but only in generalities. He was very cordial. I also met Meherin in the elevator as I came in, but since I wanted to talk with Reardon first, I said nothing except that I would see him in a few days. Reardon is in Sacramento, returning tomorrow—also Toner—and I shall get in touch with them then. I think they will have some information because Toner wired me that they would be there on the matter of the Sacramento bridge and both he and Deterding stated it was in fine shape. I hope to get some encouraging news when I see them.

I am also now going to press for action on the East Bay bridge appointment, bringing Meherin into the picture also. I am going to use the information that you gave me to the effect that Mois-

(Testimony of John Sparks.)

seiff wants to see me on—also Derleth—and the Modjeski is not efficient.

On the Golden Gate, I wired you today as per copy herewith. Waste has announced that the decision will not be made in time to meet the bond option on the 16th but that it may be some time next week. Harlan and Felt say that the trouble is entirely due to the number of briefs that they kept firing in and that they couldn't start consideration until the last brief was filed, which was the 13th of October, so that a decision as quick as this would be impossible. On the other hand, everybody was talking the 12th and what worries me particularly is the fact that you had that definite assurance from Los Angeles and I am wondering whether, in view of same, we can bank very much on information you get from Los Angeles—not only as to time, but otherwise.

I am advised that the opposition is very active both here and in New York and I have also heard that Fleishacker is killing the market in New York. The holders of the option, namely Breeden and his crowd, are going to meet with the Board on Monday at a special meeting suggested by MacDonald who is the man that sponsored Breeden. What will happen, I don't know. Some say that they will withdraw altogether; others that they will make new demands—either a better price or sew us up some other way; it is also rumored that they may now ask for a United States Supreme Court decision. If they do that, it will prove to me that they are taking orders from the Southern Pacific. I don't think that

(Testimony of John Sparks.)

the Board will permit that, however. Masslich of Masslich and Mitchell is coming out and Filmer's idea is to get the three lawyers to agree on approval if the decision is Okeh and that will settle it. On the other hand, these people have loaned the Board \$30,000 and that gives them a moral hold on us. Also MacDonald seems to object to anyone else outside of this particular crowd. Why, I don't know. Instead of considering that the litigation is at an end, he and some of the others seem to take the view that further litigation is likely. In other words, they are creating an atmosphere just the same as was created before this Supreme Court decision was sought and we would be but little better off than we were then.

Of course, if we get a good decision on all the points pretty soon I think, by pressure, we can bring about enough to start the work and that will end it. I am a little fearful of some of the members of the Board who seem to complacently accept the thought of further litigation instead of taking the bull by the horns and, by aggressive action, ending the tactics of the opposition into whose hands we have so long been playing by super-precaution and legal technicalities. I shall know more Monday and will advise you. In the meantime, I am working along various lines and if you have any suggestions, I should like to have you send them to me promptly.

Another interesting development is that contained in the enclosed clipping. I called Purcell on this and he disclaims any knowledge of it. No one takes

(Testimony of John Sparks.)

it very seriously, of course, but it is just another effort of the opposition to muddy the waters; just as the original scheme to build the East Bay bridge now is an attempt to divert attention from the Golden Gate, this follow-up scheme of building an extension to replace the Golden Gate may be the follow-up plan of the opposition to argue that the whole thing be abandoned. Instead of costing \$11,000,000 less, it would cost probably \$30,000,000 more—but a little thing like that doesn't worry the opposition group.

I have also heard that Fleishacker tried to purchase the land where the terminal of the East Bay bridge is to be in San Francisco, which may explain why there has been on opposition to it thus far. Also, I learned that Maggard and his crowd of the Northwestern Pacific tried to euchre me out of the Petaluma job, showing how kindly hearted these gentlemen are.

That covers all the developments of the day, which are not so encouraging but on the other hand I think that, as far as the court is concerned, we are all right and will get a sweeping decision before long. That is what sustains me. I think we have a deal with Taylor on the Vancouver bridge and I will write you about this tomorrow or Monday. Meantime, Hoover may write you.

Sincerely yours,

JOE

JBS:H

encl wire

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT A-88

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
Main Office—Chicago, Ill.
405 Montgomery Street
San Francisco, Calif.

Nov. 17, 1931.

Doctor H. H. Meyers,
Ritz Carlton,
New York City.

My dear Doc:

I was very much distressed to hear of your further illness and hope that you will now take care of yourself and keep well. Above all things, we must both do that. We cannot afford to let the conditions get us and put us under, so brace up and let me know that you are feeling better.

I think conditions here are very satisfactory. The delay in the court decision is logical—the trouble has been that no one has really appreciated the task facing the court and everyone has been too optimistic as to the time required. Although the case was heard on Sept. 15, the writing and filing of briefs continued until the 13th of October—and action of the court could not begin before that time. Therefore the actual amount of time has not been very great. Furthermore there were five briefs submitted in our defense as well as the brief of Olney. Harlan says that in no case he has had have there

(Testimony of John Sparks.)

been such voluminous citations—to an extent that was totally unnecessary. The result is that they have to read all these cases and the physical labor of doing that is so great that if they get the decision down this week it will be a real accomplishment.

The present expectation is that the decision will be given out this week and Harlan's guess is that the maximum will be December 8th. I am inclined to think that Harlan's information is more accurate than any we have gotten and that includes Los Angeles—I am just wondering, from the assurance given by Los Angeles, whether they really have the contact that they say they have. At any rate, I don't think there is the slightest doubt in the minds of anyone—not even the opposition—but that we are going to get a sweeping decision.

Now as to the bonds: Breedon offered to renew his offer but the Board decided not to renew the option until after the decision and I think that is wise. It may be that the Board will retain Breedon as its financial agent, which would not be a bad thing, since I think he is thoroughly sold on the project and is more familiar with it than anyone else. One plan suggested is that Breedon go East with Welch in about 10 days to effect the sale of the bonds in the Eastern houses. This is what should have been done before. However, now is really the right time to do it. Welch is a good man to send because he can kill all the propaganda from his intimate knowledge and the fact that he is a director—I think this is a good move.

(Testimony of John Sparks.)

However, it may not be necessary since we have two new groups—one from the East—that have never mixed up with it before and who are quietly lining up to make an offer on the entire issue. This is what we want. These groups have already thoroughly investigated and have their own attorneys so that they would not require any opinion from Masslich & Mitchell or Orrick—nor will they be influenced by local propaganda.

We are treating this confidentially for the present, not even mentioning it to the Directors, with the exception of the Finance Committee. Also Orrick expressed himself very favorably at the meeting this week that we would not have any difficulty in selling the bonds once we get the decision, that there were so many good houses in the country that were anxious for the business that we need not worry on that score. Masslich of Masslich & Mitchell will be here Wednesday and Harlan and I are going to take him around and sell him on the whole project so that we get a 100% report from him. All in all, therefore, I feel that the thing is in very good shape and that you need not worry the slightest—so please stop it.

I also had a very satisfactory talk with Reardon and Toner yesterday on the Sacramento Bridge and the East Bay appointment and an equally satisfactory talk with Meherin this morning on the latter. I will concentrate on these matters out here in your absence and if you keep concentrating on matters in the East, we are bound to be sitting on top very

(Testimony of John Sparks.)

soon. I am glad to hear that you are making progress all along the line but wired you after my talk with you last night that I was particularly anxious to know whether you meant that you were getting success on the movie as well. I am also very anxious to know what kind of an arrangement you are making with Parklap, because this is a thing which has so many angles that we must be very careful. I am glad, however, to know that they are going to advance immediate funds, which is a great relief.

By now you have my letter regarding the Wrigley connection and I would like very much to have you wire me on receipt of this letter what you think of this suggestion and whether you will arrange to take it up when you reach Chicago. If you can include it in your wire, or in a separate letter, advice as to the outlook on the Narrows bridge and the Long Island Park Commission project about which I wrote you.

Please be sure to wire me as soon as you leave for Chicago. Your return trip there is going to be of the most vital importance for many reasons, including those mentioned in my wire of this morning.

Awaiting your favor, I remain,

Sincerely yours,

JOE

P. S. As you know, Adams has retired from the Western Pacific and Ralph Budd has been made

(Testimony of John Sparks.)

head of the Burlington with offices in Chicago. This makes it easy for you to see him without making the trip to St. Paul.

JBS:B

[Endorsed]: Filed Oct. 22, 1942.

The Court: The jury will be instructed that these exhibits are being admitted by the Court for the purpose first of establishing the relationship that existed between the defendant and Strauss, the engineer in charge of the construction of Golden Gate Bridge, for the purpose of showing the degree of intimacy that existed between these parties; and second, for the purpose of showing the participation of the defendant in the construction of the bridge, its financing and all of the other factors in connection with the procuring of the bridge itself. And all other matters in such exhibits are not relevant to the case.

Defendant's A-89, A-90, A-91 and A-92 likewise offered on identification by witness of signature of Joseph B. Strauss, and admitted in evidence.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT A-89

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

Main Office—Chicago, Ill.

405 Montgomery Street

San Francisco, Calif.

Dec. 23, 1931.

My dear Doc:

As I understand it now, you will definitely be here on next Tuesday morning. If it were possible to be here Monday, it would be better because we expect our answer to go in on the 26th and it will be up to the judge then to set the case and in order to follow out the suggestion regarding Joe, it should be done immediately. However, I will figure on Tuesday morning as definite.

As I stated, I am trying to work out the financing—both with the District and without and I want to talk this over with you before acting. Also there are several plans proposed on the bonds, independently of the contracts, which look worth while developing and which can be worked in with your Eastern trip.

One of these plans contemplates interesting certain financial groups who are reputed to be able to call the suit off. This suggestion brings up the thought that if we could get the group that is the fiscal agent for the Southern Pacific and make them see the risk of depreciated earnings and other attacks on the Southern Pacific and the ferries which

(Testimony of John Sparks.)

are now under way, they might join in a plan of doing the financing and at the same time of calling the suit off—which would give them a double advantage. I think this thought is well worth while considering and I would like to talk it over with you.

As the clippings of today will show, the Civic League of Improvements Club has taken the initiative in trying to establish peace and call the suit off. I saw the Mayor yesterday on the same mission and he is going to make the same kind of an offer. This is confidential. Also, confidentially, I arranged with Cutler to do the same thing in behalf of the Chamber of Commerce, so we will have the three most powerful influences in the city at work. I enclose copy of the letter I suggested Cleary write. Cutler and the Mayor both say that the Southern Pacific admits very serious inroads on their business and this makes the outlook promising; it would also help materially the suggestion referred to of interesting the Southern Pacific's financing group, which I think you can do through your connections in the East. In fact, I believe this is now the best avenue of approach—namely the appeal to the bankers to avoid further reprisals and get in on the project.

At the same time, every other activity is being pushed to the limit—the reprisals of the Golden Gate Bridge Association on the Southern Pacific, the attack on the ferry through the council, the advancement of plans for a competing ferry and advancement of the litigation.

(Testimony of John Sparks.)

I have also been working actively with the Board of Directors, peppering them up. You will note Keesling's statement and the statement by Filmer—the latter I wrote myself. I have arranged for the appointment of an executive committee with power to act so that matters can be handled without Board meetings. I have arranged to have this committee devise ways and means for the District to raise funds through its taxing power which is not impaired. I have also arranged with the Golden Gate Bridge Association to keep jumping on the Board to make them active.

It has been a hectic week but I feel very much encouraged with the results, the details of which I will tell you when I see you. I am also trying to get the Sacramento matter in shape and it looks promising—but not yet definite. I am trying to get it through for the first meeting of the Highway Commission at Sacramento on the 8th. I plan to be there myself on the 7th and 8th for that purpose.

The above is a brief report for your information. We are in a tough spot, but we are not going to lose, so keep up the good work down there and meet me here on Tuesday, to remain two or three days, which I think will be sufficient. Meantime, please keep me informed.

(Testimony of John Sparks.)

A Merry Christmas and a Happy New Year to yourself and Mrs. Meyers.

Sincerely,

JOE.

Dr. H. H. Meyers,
Hotel Gaylor,
Los Angeles, Calif.

J

B

S

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B

[Endorsed]: Filed Oct. 22, 1942.

DEFENDANT'S EXHIBIT A-90

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
Main Office—Chicago, Ill.
405 Montgomery Street
San Francisco, Calif.

Jan. 25, 1932.

My dear Doc:

I am enclosing copies of two drafts of editorials which I have furnished Mr. Toner. He promises to get them to Mr. R. at once. I told him that I think the one on the bridge should be placed in the hands of the local papers at once. This is going to be difficult to arrange, but in order to be effective in influencing the supervisors, it should be in ahead of the

(Testimony of John Sparks.)

meeting of the Highway Commission because they should act before this meeting so that the Highway Commission can pass its quota at the meeting.

The other editorial I think Mr. R. intended to have released today at the meeting—just before or just after. I don't know which. I have written it in such a way that it can be released either way. The important thing is to get them to pass a blanket order for a demonstration installation with instructions to Purcell to select the site afterward. Don't fail to impress that upon Mr. R.

I also enclose copy of letter of introduction to Mr. Walter B. Lashar and for your information, copy of my wire to Shedd. I called Mr. S. and he had not yet checked with the president, but promised to do so this afternoon. If he fails to do so I think you had best follow it up.

There is no other news of especial interest except that Duncan had a talk with the Examiner and straightened them out on some misunderstandings, with the exception of one point and that is a thing I think you should see them about when you came up this week-end.

Hoping you are feeling better, I remain,

Sincerely yours,

JOE.

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.

JBS:B

4 encl.

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT A-91

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

Main Office—Chicago, Ill.

405 Montgomery Street

San Francisco, Calif.

Jan. 26, 1932.

My dear Doc:

I hope tomorrow will be the lucky day on Westlake, as you expect. At any rate, in view of progress made, you should be able to get the letter from them to the Highway Commission so that they can act at their meeting on the 29th. This will save a month's time. Of course, if we can get them to accept our proposal at the same time, this would be better still, but in any event, do get the letter to the Highway Commission.

I also intended to ask you about the Pacific National—I dont want to let that go too long and if you have not heard from Luhrie by this time, please get after him and advise me since I must act before the first of the month and if I have to meet the note, I must meet it. Just how I will do this, I dont know and that is why I want to know well in advance.

In thinking over the Shedd matter, I decided that the man who should phone them is Trumbull instead of Filmer. Trumbull is the Chairman of the bond committee and is more in sympathy with getting

(Testimony of John Sparks.)

immediate financing than Filmer and also is more positive. I have made an appointment with Trumbull for tomorrow afternoon and I am wiring Shedd as per copy herewith. As soon as I get a reaction I will notify you so that you can communicate with your man and have him phone Trumbull. That will give the latter two propositions and will furnish the basis for any change in action on the contract extensions. With something of this sort in hand, they will be able to act without losing the advantage of having a definite bona fide bid, which, as I stated to you, the lawyers consider important in the litigation.

I think also you ought to get Hilp on the 'phone and definitely ascertain who their principals are and whether they have anything definite or not, telling him that there are two other propositions now that are pending and you must know. I have not heard a word from Hilp on this subject. I believe you intended to talk to Oaklie rather than 'phone Hilp. Please let me know when I talk to you next and in this next talk, I suggest you keep a copy of this letter before you so that we can cover the subjects. Otherwise I forget them.

I have just had a report from my man and believe that the signing of the extensions will probably be delayed a week. Of course I cannot count on this definitely but I believe there is a fair chance so that if we can get these things lined up this week I believe we shall be Okeh.

(Testimony of John Sparks.)

On the Sacramento matter, I think the primary thing we want to bear down on with Mr. R. is the order for the demonstration installation of the barrier. I am sending you a copy herewith of a letter of even date to Mr. R. on this subject. I am sending this to him at the Alexandria Hotel in Los Angeles. I sent you yesterday a copy of my letter to Kelly. You also have copy of editorial which R. wanted to give to the Examiner on the barrier so check up with him on that.

As I say, this is the primary thing, letting the Sacramento River bridge be the next in order. What I would like him (R) to do on the Sacramento River bridge is to see Deterding and the Chairman of the Board of Supervisors and pep up the latter to get busy. Also, of course, I want him to see the local papers and get the editorial in because I am uncertain as to whether I can get it in otherwise and R. feels that he can do it. These two things will be all that he can handle, so see that he understand them thoroughly.

Your new lead on the Airtram sounds promising. I hope it works out. I assume that you are proceeding with Orbison on the organization of the company along the lines we discussed. I think it is vitally important to get this started and I think you had better stay there a few days longer to do this rather than trying to get up this week-end.

(Testimony of John Sparks.)

Feeling pretty punk today. With regards, I remain,

Sincerely,
JOE.

JBS:B

[Endorsed] Filed Oct. 22, 1942.

DEFENDANT'S EXHIBIT A-92

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
307 North Michigan Avenue
Chicago

405 Montgomery Street
San Francisco
May 24, 1932.

Dr. H. H. Meyers,
Blackstone Hotel,
Chicago, Illinois.

My dear Doc:

I have an appointment with Surf today at 9:30 and with Trumbull, Harlan and Marks at 11:00. I will advise you of the results.

Harlan says he does not expect the decision until the first week in June or thereabouts, although others still feel that it will be this month. He also says that an important discovery has been made, namely that if the case is appealed, it cannot go to the Supreme Court on a writ or anything and will terminate in the Appellate Court here, no matter what the

(Testimony of John Sparks.)

S.P. do. So if they appeal, the maximum delay is till November. Meantime, and in spite of impressions that they wont appeal, I am going to see Warberg and try to have him speed up the effort to stop appeal.

On the Outer Drive bills, I enclose copy of letter from Sparks reporting on the situation there. Somebody slipped up on South Park completely. On Lincoln Park, I am not certain whether we have to wait for another Board meeting or not, nor do I understand why Ben failed us. Both these delays are very unfortunate and I think should have been avoided. I am enclosing a copy of my wire to Charlie of yesterday asking him to act. I also enclose copy of my letter to Anderson of the First National Bank. This letter I have not sent to Charlie, but if it should come to his attention, my position is that what I had to do was to make it as optimistic as possible.

I also enclose copy of my wire to you of today, which is sent to you as supposedly personal but actually to be shown to Charlie for such effect as it might have on him. We shall have to high-pressure him to get our \$46,000.00 and the First National extension that we must have to get by now, and then we must get the rest by reorganizing with new blood and new capital. Evidently that is what Halmos' firm and Waddell did.

As I advised you over the 'phone, we were knocked out at Petaluma by our friend Maggard. The work has gone to Nishkian, a man who has

(Testimony of John Sparks.)

never done any work on bascule bridges. I am now working on a plan to cooperate with him through Derleth, his professor and friend. Our best bets up North are Sacramento and Oakland, and neither seems likely to mature until July.

The enclosed letter from Halmos is interesting. They have associated themselves with Waddell and Hardesty for bridges but still want us to associate them for tunnel work. In other words, the plan is to get everything they can and give nothing. My idea is to forget them. They never got anything for us, anyway. Through Rosen you ought to be able to line up some firm through which we can work in Seattle just as well as with Parsons. On the other hand, if you can get a substantial cash payment out of Parsons, well and good, but I doubt it. At any rate, I leave the matter in your hands.

Sincerely,

JOE.

Encl:

Cc Letter from Sparks

wire to Weinfeld

letter to Anderson

wire to HHM

Letter from Halmos.

JBS:B

P.S. I saw Surf this morning and everything O.K. but uncertain about two men on the North side, one of them being Lutgens. You were to get to Lutgens through Richardson. Did you do this? If not, Surf thinks I should see

(Testimony of John Sparks.)

Richardson myself. Please wire whether you agree and add to the code the name "Rice" for this man.

I just talked to Allen who is handling the matter of getting the Southern Pacific to lay off and he says he is making good progress with Cutler, Hale and the Mayor. I mentioned Warberg's name to him and he thought he would be a good man to add to the list. In view of this, I think it would be better to have him contact Warberg than myself. We shall probably get some action on this shortly.

The conference this morning with Trumbull, Harlan and Marks made considerable progress. Harlan is rather obdurate, as usual, but I think we have him backed off the map. He says that to include anything for me, an additional cent tax would be required and therefore it might as well be \$75,000 as \$50,000, so we will strike for that.

J.B.S.

[Endorsed]: Filed Oct. 22, 1942.

Mr. Hile: In regard to A-75, your Honor, it is my position that these exhibits are not proper at this time. There is no way that has been shown that they have been delivered to anybody, that it is defensive matter that should be introduced at a later

(Testimony of John Sparks.)

time, if they are to be introduced at all. We can't examine the witness in regard to these matters. He knows nothing about them. All he knows is that signature. And I object that it is not proper at this time. That has been the basis of my objection before. [300]

Mr. Simon: A-88 is offered, your Honor.

Mr. Hile: My objection to that is on the grounds stated and that goes to all of these, I understand, your Honor.

Exhibit A-88 admitted. [300-a]

The Court: I am not in accord with the views you have expressed. You have had the burden of establishing the positive negative of certain allegations.

Mr. Hile: That is right.

The Court: And in negating these allegations you open the way on cross examination for the admission of this.

Mr. Hile: Well, on cross examination that is correct, but this witness knows nothing about these matters. It has not been established that he does. That is exactly my point, so I can't develop anything by this witness through these matters.

The Court: But here are documents signed by Mr. Strauss.

Mr. Hile: That is true.

The Court: The engineer in charge of the construction of the bridge; and if that bears in any way upon the relationship the Court will send them to

(Testimony of John Sparks.)

the jury; and if they don't, they are not relevant or material.

Mr. Hile: Well, of course, I can't tell from the contents of a great number of them whether they bear or not, and that is another reason why I do not think these should be admitted. For example, here is Defendant's Exhibit A-76. I don't see that it has any bearing on this case at all.

Mr. Simon: How about A-75?

Mr. Hile: Yes, that does bear on it.

Mr. Simon: I offer A-75 in evidence.

The Court: Admitted.

DEFENDANT'S EXHIBIT A-75

[Letterhead]

The Palace Hotel

San Francisco

June 30/29.

My Dear Doc.

Herewith for your information advance copy of my reply to the Ex. news articles on the Hackensack trip.

Spoke to Charlie Duncan. Is better & still interested. May go down next week or rather when I return there week after next.

Said O'Shaughnesy spoke in Marin City last week & said again the Golden Gate would cost from \$80 to \$100 million dollars. We ought to find some way to put that fellow where he belongs. We must stop it after we get set—that's sure. Probably useless

(Testimony of John Sparks.)

to start anything now. I asked Duncan to send you the clipping containing O'Shaughnessy's remarks—to send it to you here. Keep it for me please. You might call up Duncan if you wish—Chas. W. Duncan—Sausalito—old number Sausalito 366 W—operator will give you new number.

I am driving up starting tomorrow morning—reach Longview Wed morning Monticello Hotel. Leave there Thursday night and arrive here again Friday night.

Sincerely yours,
JOE.

[Endorsed]: Filed Oct. 22, 1942.

DEFENDANT'S EXHIBIT A-76

[Letterhead]

Los Angeles Biltmore
July 16, 1929.

Dr. H. H. Meyers,
Palace Hotel,
San Francisco, Calif.

My dear Doc:

I have your letter of 12th and enclosed copy of letter to Walter Smith. I hope to be able to advise you tomorrow that the Santa Monica installation is completed and satisfactory. I have let Parrish go and we are making the adjustments under the direc-

(Testimony of John Sparks.)

tion of Grendon and there is every indication that we will achieve full success. The Gem installation is also completed as well as the Carpenteria installation.

In addition to these, I will have Grendon's report and also expect to get a confidential report from the Consulting Engineer of M.G.M. Both of these I think will be satisfactory. I have arranged to get a letter from the Carpenteria installation, these people being highly pleased with what we put in. I have also arranged so that we will get a statement as to the sales possibilities and as to the future of the camera.

I believe, therefore, that we will have the situation here built up so that if your people mean business, there is nothing to worry about. I certainly hope they mean business because to put this matter in shape and make the sale and transfer has cost me a great deal of money in the past two weeks and it is absolutely imperative that I get this matter off of my hands and get my money back. It is for this reason that I am following your suggestion not to have you come down until I am 100% sure, and I think by tomorrow I will be able to give you the call.

I note what you say regarding Klatt. I am disappointed to learn that he has 6 months more to make good to Van Damm. I thought the definite date was this month, and I can't quite understand how we got all mixed up on it. I note your statement we will be the first to be considered when he is ready

(Testimony of John Sparks.)

to carry on. I rather thought that we would be the only ones to be considered and that the job was ours.

Relative to Fletcher, I have called him twice, each time he tells me he will call me back and we were going to get just what we want, and that is the last I hear. My own impression is that he is still carrying out his plan of going through the Sprechles and I am inclined to think that these people have convinced him that the only chance is through them. I am writing him, as per copy enclosed, in the hope of bringing the matter to a head, and I think when you are down here we will have to get on the job and do it ourselves, using him as far as possible. I am afraid that he is not going to lead off and that he will keep stalling and get nowhere.

On the Rapid Transit matter we have made progress and there have been some interesting developments. I am very anxious to get some active shaping up of this project before I go back and am rather depending upon you to arrange to get an active start, through the people with whom you have discussed it, when you get down.

I note that you see no cause for worry on our part regarding the big matter, but like you—the continual postponement depresses me. I have to get back East the end of this month no matter what happens. I won't say any more than that I am banking on the thing going through at the forthcoming meeting, but I will say that if it doesn't, I

(Testimony of John Sparks.)

am going to be in a pretty bad fix in every way. I know I need not emphasize to you the importance of seeing that this time eleventh hour excuses and accidents and omissions and absentees and all the dozen and one varieties of reasons are guaranteed against in sufficient advance of the meeting date so that the program can be put through finally. We should make sure that both Filmer and Henry are back and that there are no airplane rides, automobile trips, golfing, week ends, bridge parties and "pink teas", which can be set up as a reason for side-tracking the issue.

With best wishes, I am

Very sincerely yours,

JOE

[Endorsed]: Filed Oct. 22, 1942.

Likewise defendant's Exhibit A-93 to A-107 admitted on identification by the witness of the signature of Joseph B. Strauss on each of them. [301]

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-93

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

307 North Michigan Avenue

Chicago

405 Montgomery Street,

San Francisco

June 14, 1932

My dear Doc:

I received your wire and Trumbull has also now received his wire. I will contact with Trumbull this afternoon or tomorrow and arrange for a committee meeting for Tuesday.

I was relieved to have you say definitely last night that Rosin was all straightened out on the bonds—that is the one thing that worried me. Of course I dont know what his ideas are on the rate, but judge from what you say that it would be better than what Shadd had in mind, in which event it ought to be all right.

Since you will not be back for a couple of weeks, and since there seems to be some hitch in Pasadena, I think I should go down there and get Orbison straightened out before Rosin's man arrives so that I can then stick on the job when he is here. Also I am to see the Santa Fe—both on the Barrier through Baker and on the Stockton bridge through my friend, the Port Manager of Stockton. I want

(Testimony of John Sparks.)

to get this lined up before the Southern Pacific can get its work in. With Williams, the Port Commission and the Santa Fe lined up for us, we should be all right on this job and I think it will need all three of them to effect the Southern Pacific.

I plan, therefore, to leave tomorrow night if I can clean up certain matters here and get back Monday morning to meet Diament. Meantime, I would like to have you give me any suggestions you approval to

have regarding my ~~talks with~~ him. I will have to orient him regarding the stand taken as to Masters* and in general, and I suppose you carefully explained that to him, but I would like you to give me the details on this; also I think it would be desirable that you give me an idea of your discussion with him regarding his idea on the bonds, contracts, etc., so that I can talk intelligently, I would like to know whether he has taken the matter up with any of the present contractors or not and how far we should go in considering the present contractors. That question will be raised by some of the Board and we shall have to handle it very diplomatically.

I dont know just how he proposes to handle the substructure and also whether we should work with Barrett and Hilp on the anchorages and approaches. Perhaps Paine has discussed these matters with you and I am writing him to advise me,

* that they were supposed to object to him.

(Testimony of John Sparks.)

but, if you have gone into this phase of the matter with Rosin, I would like to have you advise me as well. I am sure I shall have no trouble working that out with Diamant but just wanted to be informed as to what had transpired. Please let me hear from you, therefore, by return Airmail so that I shall have the information in time, addressing the letter here.

I enclose herewith copy of Ammann's letter which perhaps you have seen. I note that Moisseiff is working with us but you will note that Ammann's last sentence states that before he would approve of Rosoff as a contractor for any of the work he would want to make further investigation. I don't think we shall have any trouble since the steel work and cables, at least, would be sub-let and I think that is all that Ammann would be concerned about—and I think we could work this out readily through Moisseiff; also through Derleth.

I note that you will remain in New York until the end of the week and then return to Chicago, to handle the two matters there, remaining there as long as necessary to complete them. As regards the Winton matter, I have checked up here with an attorney friend of mine, who is making no charge, on the By-laws and expect to have a report tomorrow, but at present I am satisfied we have been unnecessarily concerned about the 80% clause, and that this will not interfere with any action that it may be necessary for me to take. My impression is that Winton knows this as well as I do but

(Testimony of John Sparks.)

thinks he can put it over. I hope to have further information on this by tomorrow and will send it on to you. Also I will write you a personal letter which you can show if you wish, if you think it will help.

Regarding expense, I note that you need \$300 additional which I assume will see you through. If Rosin is all set, I am quite sure we can get the thing set here next week and then, as you say, we are out of our troubles, for from that time on, he ought to help carry the load. Until then, it is going to be very hard, but if you can get by on \$300 till then, I think we shall be all right. I am wiring Sparks to send you \$150 now and \$150 when the Quebec money comes in, which will be in a few days and I hope this will be all right.

I have had no further word regarding the progress with the bank in Chicago but am pushing this all possible; likewise there is no further news on any of the local jobs. Also the latest news on the decision is that the Judge is in Sacramento this week and we may expect the decision the first of next week. Progress is being made on the new ferry and also on the stop signal movement in Marin. I think this is going to be perhaps the most effective because, under this plan, a boat carrying 90 machines, which now unloads in a few minutes, can only unload 15 machines at a time, so that it will take three or four times as long to clear the boats as it does now, which will raise Ned with

(Testimony of John Sparks.)

their schedule and their earnings. This movement is going like wildfire and since its abandonment is conditioned entirely on the abandonment of the litigation, I think it may bring results.

Also we have succeeded in stirring up some action among the stockholders in protest against further litigation and this may lead to the plan of the Association to bring a stockholders' suit. If we can tie in with this, the resolution of the Supervisors here and the Northern Counties and other bodies, I think we shall have the thing in pretty good shape. You have not yet advised me on this point (the resolution) and I wish you would let me hear from you as to your conclusion, and as soon as possible, particularly in view of the fact that you will probably not be here when the decision comes down. My own impression, however, is that there will be time enough for this when you get back. I would like your thought.

The best guarantee, of course, for the end of the litigation, is the handling of the bonds by Rosin, irrespective, which I understand is an unquestionably accepted condition. There is no risk involved in this whatever because when the New York banks are tied in, * see P.S. a single word from them to the New York end of the thing will stop it all. I know that you have considered this and I suppose Rosin has, too, but I am just wondering whether this phase has been taken up with the New York bankers, or whether it is best to wait until the deal here is closed.

(Testimony of John Sparks.)

I await your further advice, and remain, with kindest regards,

Sincerely yours,

JOE

P.S. Assume Rosin has made his arrangements with the banks and that these are the Chase National and National City. Is that correct?

Dr H H Meyers

Hotel Ritz Carleton

New York City

[Endorsed]: Filed Oct. 22, 1942.

DEFENDANT'S EXHIBIT No. A-94

June 14 32

P.S.—letter of the 4th.

Am I to talk freely to Diamant—does he understand that I am supposed to be the one that took it with them and with whom they dealt over long distance—for that is what I represented and also I made it strong that they would not deal unless Masters is out. Do they understand all that. Advice.

Of course I assume that if we cannot get that over as to Masters, we must as a last recourse give in on a compromise on limiting him to administration work only and divorcing him from the engineering. That far I think they would all go—and we might have to yield rather than lose the deal.

(Testimony of John Sparks.)

We can keep on with plans to interest him later—because ultimately he must go—he's too dangerous because he's aggressive and the Board is not. However, if we stand pat now, I think it will go over now—but let me have your views.

Am wondering about you not being here. You may be needed when it comes to the Board meeting. Assuming it will take a week or so for Diamant and the Committee to thrash out a deal and get a proposition recommendation to the Board. There would have to be 5 days notice for a special meeting, which would make the date of special meeting about the 28th or say the 29th. I wonder whether you could not get the Smith matter cleared up and on its way, so you could have a few days before—since it would give you practically 2 full weeks to do it.

Of course it may be that it wont be necessary, and I can probably tell in advance, but if you could possibly push the Smith matter to get on the ground here before the Board meeting, it would be very desirable. Dont you think you can? It is vitally important to finish up the Smith matter and likewise the Winton matter—and now is the time and now only if the magic you must use is to speed them up—get out here to join in the big push here.

I assume Diamant is prepared to stay till the Board meets and its signed, sealed and delivered. I also assume that as soon as its settled with the Committee that they will help carry the load and I suggested in my wire of tonite that you indicate

(Testimony of John Sparks.)

that to them. For we are running very close to the danger point and I am fearfully worried as you are, but if they come through at that time, then the gamble I take in drawing down on our scanty balance must hurt and thats what I am thinking on. We will just get in under the wire—and thats all.

I feel easier now that you know the conditions, so that we can work together to make the dollars go as far as possible for the next 2 weeks or so and enable us to get by. It means sacrifice on the part of both of us, but its better to sacrifice and make the grade, than to miss it by a few feet. I judge that you must be getting on in New York on other matters, or are you merely waiting to get Smith to go back. I am anxious to have further details and particularly of Jersey and the various other items in the schedule, but the vital ones of course are Rosin (now pretty well set up), Smith, Jersey and Winton. These are the ones that really matter.

Take care of yourself and let me hear from you.
With best wishes I remain

Sincerely

JOE

Note that Smith has returned check. Sorry about trouble caused.

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-95

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

307 North Michigan Avenue

Chicago

405 Montgomery St.

San Francisco

July 11, 1932.

My dear Doc:

I received your two wires of today and wired you as per copy enclosed. This wire gives the contents of my wire to Diamant of today, which I had sent out, Night Letter, before your second wire reached me. However, you will have talked with him before this wire reaches him, so I cant see that it will do any harm. Diamant's letter, copy of which is also enclosed, indicates that everything is going along and I therefore couched my wire so as to take it for granted. I am a little sorry that he will not get my wire until after you talk with him, but you will know how to handle it anyway.

They may think that there is no special hurry since they wanted 30 days and their original idea was 30 days after the expiration of the present contracts—that is, 30 days after the 16th of July—but they finally consented to make it 30 days, or on or before the 1st of August. So we want to bear this in mind.

I find that the judge did not say that he would

(Testimony of John Sparks.)

give a decision before the end of last week—but he did say definitely that he would file his decision today or tomorrow and that, at any rate, he would get it out before he left for his vacation on the 15th of this month, so I feel that we can depend upon it any day now. Everything that I hear indicates that it will be favorable.

Johnstone of American Cable called up today and wanted to know about the contracts and I told him that in all likelihood the work would be readvertised. He said he rather expected that, too, and that he also expected that they would have to make a considerable reduction. I told Felt today that I would write a report recommending that the contracts be allowed to lapse and he seemed to think that was the only thing to do. I told him that, as far as I knew, everything was going along all right with the New York people.

I am wondering whether you telephoned Surf and Fish. I think it is important that we get everybody lined up on the 3-cent tax. The committee recommends a 3-cent tax—most of them are for it—but Harlan and, as I understand, some of the others, are talking of a 2-cent tax. It is very important to see that the dont get by with it. A 2-cent tax would mean that the \$50,000 payment to me would be cut to probably \$35,000, which wont be enough for me to make much headway on any plan for utilizing this at the bank for financing, so I hope you have already gotten busy on this end of it.

No doubt you saw the article in the L. A. Times

(Testimony of John Sparks.)

regarding Combs and his Monorail. After reading it, I thought perhaps that this might be the outfit that your people want you to meet. If so, my suggestion is that we steer clear of them. Combs is a bad actor in every way and a foreflusher besides. The Monorail he has is as old as the hills, has never made any progress, and is a thing that he has been fooling around on in Los Angeles ever since he got out here 5 or 6 years ago. No doubt you got wise in time not to give anything away. It would be exceedingly dangerous to let Combs in on any political angles. That is a game he knows thoroughly—and in the wrong way—and he would certainly queer us or block us.

I look forward to your support and also to your meeting with Kelly Tuesday. I will, on my part, keep you advised of developments here.

Sincerely yours,

JOE.

P. S. I also enclose clipping from the Seattle paper which sort of knocks that proposition for a while. It is certainly too bad and brings up the question as to what the next steps would be up there.

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.
JBS:B

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-96

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

307 North Michigan Avenue

Chicago

405 Montgomery St.

San Francisco

July 13, 1932.

My dear Doc:

At the Board meeting today they voted to levy a tax of $2\frac{1}{2}$ cents and they passed the budget as a whole, including \$50,000 for me. This was done after quite a discussion, with everybody in accord, the only objection being from Maxwell. Shannon wanted the Board to go on record especially agreeing to the \$50,000 for me but it was contended that the passing of the budget would be sufficient and so it went that way.

Harlan made a report stating that I was at present entitled to about \$187,000 and that I claimed \$400,000 which he thought was excessive. Maxwell asked what would happen if the bridge were not built and Harlan told him that they would have to levy taxes and carry on the District until they paid this obligation to me, whatever it was. Maxwell then asked what would happen if the Supervisors refused to levy the tax and Harlan said that the Board would have to mandamus them—that, in any event, they owed me this money and would

(Testimony of John Sparks.)

have to pay it—which is pretty good. I think this puts us considerably ahead and that immediately after the decision comes down we can bring about a revision of my contract. I may also add that MacDonald came out very strongly in support of the payment of \$50,000 to me and stated that I should have, in fact, demanded a new contract when these plans were ordered. Taking it all in all, I believe we are now in good shape to bring about a revision of the contract as soon as we are ready to ask for it.

The Board decided to let all the contracts lapse, doing this without any official resolution and it was not necessary for me to make a recommendation to that effect, which is very much better. This clears the atmosphere in that respect.

The Board decided to pass a resolution immediately following the decision calling upon the Southern Pacific to abandon any further hostilities against the bridge. Stanton, O'Brien and McMinn agreed to have similar resolutions passed by their Boards of Supervisors. I am to prepare a draft of such resolution and send it to O'Brien who will then send it to Harlan so as to get the machinery in motion. I will do this.

The Board at first agreed to adjourn subject to the call of the President but subsequently decided to adjourn until next Wednesday, July 20th, so they could be ready for any action that would be necessary following the handing down of the decision. I would rather have had it the other way

(Testimony of John Sparks.)

but I don't know that it makes much difference because at the meeting on the 20th they can call for a further adjourned meeting. By that time Diamant will be out here, as I understand it, and may be ready to submit a proposition so that the deferred meeting could be set on the 20th. If not, then it merely means a 5 days notice. The matter would have to go to the committee as a whole, anyway, before it went to the Board and therefore it may be necessary to call a special meeting.

The Board passed a resolution appointing a committee to initiate negotiations with the Reconstruction Finance Corporation for taking the bonds and furnishing the funds. They started off with a determination to send a committee to Washington for this purpose but I stopped this by telling them that it would probably be some time before they were ready—that they were going to appoint some advisory engineers, etc.—however, as I anticipated, the Board was enthusiastic over the possibility of getting money from the Reconstruction Finance Corporation. They are instructing Dunbar to give this resolution ample publicity and I think they will push it very hard.

Just what effect the Board's enthusiasm in this respect will have on the negotiations with Rosin, I don't know. MacDonald tried to convince the Board that the government would go ahead irrespective of appeal but Keesling thought that they would have to wait for the 90 day period to expire. This is perhaps the only argument we shall have

(Testimony of John Sparks.)

left for the over-all bid if the relief bill goes through and if it is should turn out that the government will proceed irrespective of appeal, then I am afraid we would have hard sledding. Another argument is that it may be some time before the Reconstruction Finance Corporation can get in shape, especially if they appoint a Board of Engineers, and that we may have to run the gamut of this Board of Engineers. Offsetting that, on the other hand, is the fact that they are already operating and may go ahead without creating new machinery, which means that they would go ahead at once.

These are all things to bear in mind and my own feeling is, therefore, that we were not out of step in emphasizing to Rosin the importance of speed. I feel that it should not drag along and the quicker they are ready to act, the better it will be. In view of the fact that Mr. Diamant is coming out on the 20th it may be that nothing more can be done in the meantime; but should you be in communication with him or with Rosin, it may be well to bring these comments to their attention.

Awaiting your favor, I remain,

Very sincerely yours,

JOE.

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-97

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

~~307 North Michigan Avenue~~

~~Chicago~~

405 Montgomery St.

San Francisco

Aug. 2, 1932.

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.

My dear Doc:

Relative to the Rosoff matter, Diamant left with the understanding that he would submit a formal proposition before the next Board meeting on the 10th. In fact, he stated that he would arrive in New York Friday and go into conference immediately and get his proposition here in time. He said he would probably not come back but that he thought Rosoff might. I made it very plain to him that the minimum price would have to be 90 and that construction would have to start immediately. He also got the latter idea quite thoroughly from the Board and Harlan, I think, convinced him that there is no possibility of anyone stopping work once it is started. Harlan is sending him a supplementary brief on that point.

Even at 90, it will be necessary to revise our estimate of the cost of administering the District

(Testimony of John Sparks.)

for the 4-year period. It will be a tight squeeze, but I think we can do it. I am working on that now. I want to have it ready in time for the meeting on the 10th.

I talked with Moisseiff and Derleth yesterday afternoon at length on the subject, cautioning them, of course, that it was confidential. They both approved, but Moisseiff came in this morning and confidentially told me that he is a little bit fearful of Rosoff and that, while he would approve it, we shall have to watch them very closely. He also said that while they are all right financially, they are not big fellows in that respect and he thought we ought to know it. He also felt that it would be very doubtful whether they could get the money from the banks and thought they would have to rely on the Reconstruction Finance Corporation. He thought that would present some difficulty because the Board would have to have the banks tied in in accepting any proposition and this is a point, of course, that we have to watch very carefully. In other words, when the proposition is closed, the Board will insist on having the banks either as a party to the contract or other evidence of the ability of Rosoff to take the bonds.

I told Moisseiff that they were very cautious in making the offer which evidences that they did not make it until they had concluded arrangements with the banks, but I am telling you just what he said so that you will be informed. Moisseiff thinks very highly of Diamant and I think his only fear

(Testimony of John Sparks.)

of anything is through Rosoff, but I think that if we can tie in Diamant so that he will be in charge throughout the period, it will be all right in that respect.

I enclose a clipping from today's Examiner. The meeting with the Mayor has not yet been held but they are in hopes of getting the meeting and getting a definite statement from Eastman before the Board meeting on the 10th. Meantime, the movement against appeal is growing by leaps and bounds and plans are being made for economic pressure—in other words, for a general boycott in case Eastman refuses to withdraw. The action by the Grand Jury is very significant and will be followed up.

I suggested your coming up so that we would be able to concentrate all efforts in bringing about the abandonment of the litigation. On the other hand, it looks as if the fire under them is growing so rapidly that it may come about without—and also, of course, I believe the question of proceeding irrespective of appeal is pretty well settled with Diamant. Nevertheless, of course, if you could come up I believe it would be very helpful. I am very much pleased with the attitude of the Board regarding Rosoff and I don't believe there will be much trouble. On the other hand, I don't think we should leave any stone unturned, both in preventing an appeal and in getting the thing through the Board; therefore, if you were here it would be a great deal better.

(Testimony of John Sparks.)

The matter that Duncan referred to in his letter regarding Felt is evidently a proposition from some group which appears to be in the making for an offer on the bonds. He expects to get a definite answer tomorrow and this matter may have some bearing on any proposition that Rosoff makes. I will keep you advised. One thing that developed at the meeting of the Board and that is that the Board is very anxious to go ahead now irrespective of appeal and the first bona fide offer that permits them to do that will undoubtedly be accepted. If, therefore, Diamant comes through with a price of 90 and satisfactory evidence as to his banking connections and willingness to begin construction at once, I think we shall get it through at the next meeting, and I am very anxious to see that every effort is directed toward that end so that the period of uncertainty and worry will be over.

I enclose letter from Sparks, with attached statement which shows our financial situation. This is my original so please return it to me. I am to see the bank today relative to the renewal of our note. I am afraid that I cannot get by with a renewal without making a payment. My advice is that I had better pay something on it and when this note is out of the way, then take up the question of negotiating a loan on the basis of the \$50,000 set aside for us in the budget, doing this about September first, which will then mean only a three months' note, because the tax will be collected in December, and which will be easier to effect.

(Testimony of John Sparks.)

I think this is the only thing that we can do because I don't want to take a chance and not negotiate this \$50,000 credit for, as you will note from our statement, with the \$6,000 just borrowed in Chicago, our funds will be exhausted on September first. In fact, they will be more than exhausted, depending upon the amount I shall have to pay on our present note here, which I hope to keep down to as little as possible. The situation that confronts us is that this month we shall have to make a deal on the bridge or negotiate a loan on the \$50,000. I feel quite certain we can do the latter but I hope that it won't be necessary for me to do so and that the other will come through.

I also enclose a clipping on the East Bay. Moisseiff seems to be very enthusiastic that they will get their money from the Reconstruction Finance Corporation. From what Derleth says, however, they won't be able to get before the Board before two or three weeks, anyway, and therefore, we shall still have time to act but I am thoroughly convinced that whatever we do will have to be done quickly, because these fellows are determined to follow it through. However, according to Harlan's interpretation of the Act of the Reconstruction Finance Corporation, the East Bay Bridge is eliminated because the Act requires that the projects have the power of taxation. Moisseiff, however, asserts that the Reconstruction Finance Corporation is anxious to spend its money and that they won't stop for any such technicalities.

(Testimony of John Sparks.)

I am still feeling pretty shaky but am slowly getting better and I hope you are feeling better also.

Very sincerely yours,
JOE.

P. S.: Please note enclosed copy of letter from Regional Bridge Company in reference to the job at Kansas City—if they every get any money.

I also enclose copy of letter just received from Weinfeld.

J. B. S.

JBS:B
encl.

[Newspaper clipping]

Grand Jury Raps Gate Bridge Foes;
Asks Cooperation

[Stamped]: Aug 2 1932 S F Ex

The San Francisco county grand jury last night formally went on record as condemning "certain powerful corporation forces which are selfishly endeavoring to thwart the peoples' plan" for the construction of the Golden Gate Bridge, and adopted a resolution calling upon these forces to co-operate in aiding the community by supporting the plans to build the bridge as speedily as possible.

Meanwhile, the advisory council of Marvelous Marin, meeting in San Rafael last night, adopted a resolution urging the Reconstruction Finance Corporation to advance funds for construction of the

(Testimony of John Sparks.)

bridge "regardless of the present legal status." In another resolution, council asked that the Unemployment Committee of 100 in San Francisco endorse the bridge project as a means of unemployment relief.

The resolution of the San Francisco grand jury was adopted unanimously. Copies of it will be sent to all organizations concerned with the building of the bridge and those who are seeking to delay its construction by court action.

The resolution set forth that court tests have established the validity of the Golden Gate Bridge District. It further declared:

"Certain powerful corporation forces have selfishly endeavored to thwart the people's plan and have doggedly contested all court actions to establish the legality of the project and now threaten without apparent reason to continue litigation against the bridge in the higher courts, that will only have the effect of indefinitely postponing the building of the bridge."

[Newspaper clipping]

Fund Sought To Speed Span

A \$14,000,000 contract for construction of the foundation piers of the San Francisco-Oakland Bay Bridge will be ready to be let by September 1, if the Reconstruction Finance Corporation will advance the money, it was announced yesterday by the consulting board of engineers.

At the first of a series of meetings, the consulting board yesterday considered final design for the

(Testimony of John Sparks.)

foundation piers with the idea of preparing the first unit of construction for bidding as soon as possible. During the week final plans and specifications for the entire structure will be completed.

Meantime, the financial advisory committee, appointed by Governor Rolph and headed by Harrison S. Robinson, is preparing for direct presentation of the project to the Reconstruction Finance Corporation. Several representatives of the committee will go to Washington with Chief Engineer Charles H. Purcell within the next three weeks.

According to plans presented yesterday, the East Bay unit will be a two-deck structure, the upper deck accommodating six lanes of passenger automobile traffic and the lower deck three lines for trucks and a double track interurban railroad.

On motion of Supervisor Havenner yesterday the Board of Supervisors adopted a resolution calling upon the Mayor to appoint a committee officially to represent San Francisco in the bridge negotiations.

Schuyler Dunbar and Weinfeld

Continental Ill. Bank Bldg.,

Chicago, July 30, 1932.

Mr. Joseph B Strauss,
405 Montgomery Street,
San Francisco, California.

My dear Joe:

I received your wire and was very sorry to hear that you are under medical care. I hope by this time you have shown great improvement.

(Testimony of John Sparks.)

I noted in the paper that application is going to be made to the Reconstruction Corporation for the financing of the Golden Gate project. Perhaps with the market improving, as it appears the last few days, it will be easier for you to finance the project.

As to the note of the First National Bank, you need not worry further about this as they now have more than sufficient collateral to protect the note, and I do not believe you will be called upon to pay the same until further arrangements have been made with the Lincoln Park Board. We were offered some bonds of the Lincoln Park Board, but they are down to about \$70 per hundred at this time and until the market improves, we refuse to accept them.

We have been trying to get tax warrants which have a market value between 90 and 95 at the present time. They have only a few of these left. We thought we were making real progress to get some of these warrants from the Comptroller and had promise of his cooperation. Unfortunately, he was killed in an automobile accident a few days ago. We will take the matter up again in a short time through the Commissioners.

I shall be glad to hear from you as to the progress of these matters, both as to your health and business conditions. With kindest regards from Jessie and myself, I am,

Sincerely yours,

CHARLIE

CW:ES

(Testimony of John Sparks.)

Regional Bridge Company

American Security Bldg

1200 Oak Street

Kansas City Mo

July 29 1932

Mr Joseph B Strauss

San Francisco Calif

Dear Mr. Strauss

We have secured the promise of active support for our project from Senator Capper and Congressman U. S. Guyer in securing financing from the R.F.C.

Also we have done preliminary work looking toward the appointment of a K. C. Engineer on the advisory board, if such a board is appointed.

Also we have made known in writing to the local R.F.C. Board our desire for this help.

Now we are presuming that you are keeping close touch with this movement and are looking to your organization for specific instructions as to our procedure.

Sincerely—

.....

(signed) FRANK A DAVIS

Secy.

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT A-98

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

~~207 North Michigan Avenue~~

~~Chicago~~

405 Montgomery Street

San Francisco

Aug 3 1932

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.

My dear Doc:

I wired William H. Baker, Jr. today as follows:

“Posey Engineer Alameda County Committed
Suicide Today Stop Believe Opportunity for
You Stop If Interested Discuss With Meyers
Gaylord Hotel Immediately Also Taking Steps
Directly and Wire Me So Can Cooperate Here”

Posey's suicide may change the picture to our disadvantage. It would be very desirable, therefore, to get somebody who is friendly to us. I think this would be an ideal opportunity for Baker. He could no doubt pull wires through Donald Baker and I have also suggested that he confer with you so that you can act. I will take it up here with the people I was dealing with, who will help. This is all assuming, of course, that Baker would be willing to take the job and give up his present connection. I am quite inclined to think that he would, since he could still remain a silent partner. When you dis-

(Testimony of John Sparks.)

cuss that with him, please point out this fact to him.

I have another thought regarding my \$50,000 claim on the District and that is to take it up with the Federal Reserve Bank, which is now authorized to make such loans and I could assign the claim as security. I believe I would have a better chance to get it there than anywhere else. I discussed with Filmer the question of introduction and he suggested that the man to give me that introduction would be Finn. Unless you see some objection to doing so, I will take it up with him tomorrow. My own thought was Shortridge but I think Finn would be more direct. If you have any comments, please advise.

Filmer suggested that if I wanted any aid, the District would stand back of me. He is very active now in the affairs of the District and is taking real hold.

Everything is moving along toward concentrating pressure on the Ferry Company to lay off, but there are no particular developments. I am looking forward to hearing from you.

Sincerely yours,

JOE.

JBS:B

P.S. Note enclosed copy of letter to Diamant. I thought it desirable to keep him informed. Don't know what continuing uptrend will do to Board on Diamant's forthcoming proposal. Hope they make it also go. A British syndicate called in Felt today—have 50000000 to invest in tax free bonds and

(Testimony of John Sparks.)

say will go ahead disregarding appeal. Felt told them issuance involves tax.

JBS

Aug 3/32.

HHM: The clipping referred to is the one sent you yesterday relating to the action of the S.F. Grand Jury.

J. B. S.

405 Montgomery Street

San Francisco

Aug 3 1932

Mr. Arthur H. Diamant,
Rosoff Subway Construction Company,
295 Madison Avenue,
New York City.

My dear Mr. Diamant:

For your information, I am enclosing a clipping from yesterday's paper in respect to the growing agitation against appeal.

The action of the Grand Jury was not only a surprise but is exceedingly significant. Each day brings new resolutions from civic bodies and increasing pressure on the Ferry Company against further litigation. They allowed the time for asking a new trial to expire yesterday without action on their part, which indicates that the pressure is having effect.

I note a continued upward turn in the market, including bonds. Trusting that you had a pleasant

(Testimony of John Sparks.)

trip back to New York, and with kindest regards, I remain,

Very sincerely yours,

.....

Joseph B. Strauss.

JBS:B

encl.

[Endorsed]: Filed Oct. 22, 1942.

DEFENDANT'S EXHIBIT No. A-99

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

405 Montgomery Street

San Francisco

Aug 6 1932

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.

My dear Doc:

I have your wire advising that you received the films and that you will not leave until the Rosoff proposition is settled. As I take it, therefore, you will not be here for Wednesday's meeting and, having seen the parties down there, I don't believe it will be necessary.

I agree with you that we should not press Rosoff any more and I also have decided that it would be

(Testimony of John Sparks.)

best to defer taking up my matter with the banks until after Wednesday's meeting.

The opinion seems to be gaining ground that something may happen next week—possibly by the time of the meeting—in reference to the ending of the litigation. Also, the possibility of an offer from the British syndicate seems to be very promising and Breeden's outfit are also very hot on the scent, so I would be in much better position if I wait at least a week—in fact I may have to wait until near the end of the month because then a 3-month's note would cover the matter and would also put me in a better position to obtain the loan. I don't want to take any chances of not getting it and, since our dead line, when our money runs out, is the first of September, I think it would be better to work it that way.

Regarding Rosoff, I have carefully figured out the requirements and it is going to be a very tight squeeze at 90 and would mean extreme precaution on our part to see that everything is included and that there is no come-back. However, I think it would go if nothing else comes in, but if we should get a proposition from the British outfit, I think it would be difficult. I hope the Breeden proposition does not develop because that would strengthen somebody else's position. I think Rosoff made a mis-play when he failed to submit a proposition at the time they were out here. However, there is a very hopeful attitude around here and I feel that

(Testimony of John Sparks.)

we are going to be out of the woods, either way, this month.

Regarding the R.F.C. I enclose copy of Felt's letter which gives the present status. I don't think there is anything else that we could do at the present time. Moisseiff's attitude seems to be peculiar in that he is plugging very hard for the East Bay bridge. Both Felt and Filmer have commented on it and I have already told you my impression. Evidently these fellows are breaking their necks to run us out of the picture and put themselves ahead and apparently they have filled Moisseiff up with an idea of their political strength and the certainty of getting the money from the R.F.C. I think they have a fool hope that they can beat us to it but I am certain that the moment that we are set, theirs will collapse—or at least someone will make it collapse. Harlan says that the R.F.C. could be enjoined from lending them money under the act.

I believe this covers all the news on the Golden Gate. I enclose a clipping from yesterday's News for your information.

The only other matter of interest is that Deterding was in this morning and reports that the County of Sacramento has included an item in the budget for the M Street bridge and the matter is now taking shape. The Highway Commission has a special meeting today and he is meeting with them at 2 o'clock to confirm the preliminary understanding. He seems to be a little fearful that Purcell wants the State to handle it. I am wondering whether

(Testimony of John Sparks.)

Reardon and the Highway Commission will stand pat on having the County do it, with the State contributing one-half of the money. I have not been able to get in touch with Reardon for some time and Toner is sick and I have not been able to see him either. I understood that you had seen Kelly and that they are still all set. Deterding will see me at 3 o'clock this afternoon after his meeting with the Commission and he will then report what the status is and I will let you know, for this job is now ready to shoot. The money will be available by September first and if there is no hitch with the Highway Commission, we shall at least have a job.

I may call you on this subject tonight or Sunday night and if I do, I will wire you in advance and make a station to station call.

Paine is here and I am cleaning up my matters so that, depending upon what happens on Wednesday, I can be down there at the end of the week. I have a tentative engagement with Soulé and the architect on the house the middle of the month and, incidentally, this matter seems to be in very promising shape. Mr. Soulé is very enthused. Paine has the East Bay design with him and I will go over that with him tomorrow and, if my expectations as to developments this week are realized, I think we shall be in shape to move in on this as well as the Transit matter. I hope to hear from you regarding action at Pasadena and am wondering why the continued delay. I think it would be very desirable if something could be done so as to have them act

(Testimony of John Sparks.)

without further delay—if they have not already done so.

I should also like to have your reaction as to the Oakland matter. I think that we could handle it in the way that I suggested and I think if anything is to be done, it must be done at once, so I would like to have your suggestions and advice. Baker reported that you could help when the time was ripe but unless you have some advice to the contrary, I am convinced that the time is ripe now. We don't want to give these fellows an opportunity to get a movement under way for someone else. We have lost out too long in that way so I am in favor of immediate action.

I should like to hear from you also on the various other matters, provided you are well enough to write. I sincerely hope you are feeling better. I have been exceedingly careful of myself this week and feel that I am getting better but I am still far from 100%. With kindest regards, I remain,

Very sincerely yours,

JOE.

JBS:B encl.

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-100

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
San Francisco, Calif.

August 9, 1932.

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.

Reconstruction Finance Corporation

My dear Doc:

Regarding the R.F.C, I saw Moisseiff again last night and he tells me that Harrington and Professor Marx of Stanford are definitely scheduled and that Harrington is in Washington camping on the job. Moisseiff says his information is correct. On the other hand, as you know, it is also reported that Walter Huber, of San Francisco, is first on the list—Stevens of Portland, second—and Donald M. Baker, third. Personally I doubt whether that could be the case, for that would mean 3 men from the Coast. I found that Huber is a hydraulic engineer here but hardly big enough for the job and he is with the local gang here and therefore against us, as is Marx. I dont know how strong Huber is, but Marx, because of his connections at Stanford University, may have a string. Harrington, who is a very slick politician, generally goes loaded with tons of recommendations.

(Testimony of John Sparks.)

Of course, as already stated, it may be that all of these rumors are without foundation and probably every engineer in the country, except myself, is trying to get on the board. Moisseiff says he could have been on if he had wanted to; that Meyer, before his resignation, asked him down but he could not get away. I don't know whether you know just how the thing is being handled and who has the appointment of these engineers in hand. Do you know Stevens personally and how sure are you of him? If he is dependable and we get Baker on, too, it would be O.K. but that depends on how many there will be.

I have also pointed out to Filmer and Keesling the fact that Marx would be a rather bad appointment for us because he is one of those who signed the round robin against the Golden Gate bridge. That is as far as I could go. They both agreed that this ought to disqualify him and that they would see what they could do.

My fear, however, is that the work has been put in so strong that we cannot do anything, but whether it is or not, we should set about finding out how these engineers will be appointed and by whom and how many there will be. Armed with this information, we should seek to prevent the appointment of Huber, Marx and Harrington and endeavor to bring about the appointment of Baker and the other two men we want—namely R. E. McDonald of Kansas City and Philip Kniskern of New York.

Baker is undoubtedly qualified to head the list. I think he is the strongest of the three. McDonald

(Testimony of John Sparks.)

is very highly connected at Kansas City and Kniskern is the man that Paine vouches for 100%. You have a copy of his letter to Paine. Perhaps, as you say, we cannot get them all three, but since their names are before the board, it may be possible. At any rate, knowing the two heads of the R.F.C. board, you are in position to get the low-down. As I understood it, you were going to speak to Washington in a day or so and I hope this letter reaches you before you put in the call.

I have a letter from Donald Baker saying you told him to hold off from getting local support. I had told him the reverse and in view of the intense activity of these other chaps, should he not pull every string he has and put his fine record before the board in full? Please reconsider this and take it up with him again. You will note I am writing Casey at Wilmington and Davis at Kansas City to help boost our man. Copies of letters herewith.

Without the right kind of an engineering board, no matter what our contact is with the higher-ups, we shall be in bad shape. I need not emphasize that, because you know the experience we have had. I understand that it is the plan of the opposition here, when we go to the R.F.C., to attack our foundations. Even with a friendly board, this would give us difficulty and, with an unfriendly board, would bring about just what these fellows have always wanted—the reviewing of our plans by another board of engineers—and that means another nasty fight and far less justice than we get from the

(Testimony of John Sparks.)

courts. You can therefore see the danger that we would be in if we have to go to the R.F.C. with the wrong men on this board.

Of course, all of this would be avoided if we get the right kind of a proposition from Rosoff, but unless it is a good one, I am afraid that the lure of the easy money from the R.F.C. will make the Board favor the latter and that it would be very difficult for me to make them realize the above danger. Ultimately, of course, we would win, but it could be long drawn out and very expensive, and I don't feel that I am equal to the physical strain of making such a fight. I am explaining this in full to you so that you will understand.

I still feel that things are going to break here on the Golden Gate this week. Filmer and the Mayor met today and I think they will get everything set for the conference with the ferry company and that there will be an announcement of their withdrawal in a few days. Clipping herewith.

As you say, it is discouraging to get these breaks against us, but if we profit by them with respect to projects that we now have pending, it will still be all right. I wrote you fully yesterday and am doing so again today and would like very much to have you give me your views at more length than is possible in a wire, if you can conveniently do so—in view of the importance of this issue, for I won't know until tomorrow whether I can get down Thursday or Friday night or whether I shall have to remain

(Testimony of John Sparks.)

over. I am anxious to get away from it for a while for the strain is too much for me.

Sincerely yours,
JOE.

P. S. The Rosoff proposition is due here tomorrow morning. I hope to get the details before the Board meeting. It will not be presented to the Board until the Committee has a chance to study it, but the meeting will probably be adjourned for a week or so to consider it. Felt was just in and says he oriented Trumbull on danger of delay of R.F.C. and that if Rosoff proposition good, has first class chance.

J.B.S.

JBS:B

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
405 Montgomery Street
San Francisco

Aug 9 1932

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.

S.F.-Oakland Bridge

My dear Doc:

Regarding the East Bay bridge, I am a little afraid that this may have gotten too far under way for us to stop. You know we did not take it very seriously at the start, believing that they would not

(Testimony of John Sparks.)

get anywhere, but they are in full swing now; they have no opposition, apparently, and have all the influences behind them that we lack.

Moisseiff declares positively that not only will they get their money from the R.F.C. but that they will be ready to advertise for bids in October. I know that they are breaking their necks to get in ahead of us and get started on their job first and it looks as if they are catching up in the race and that, in spite of all the loop holes in their proposition—ineligibility under the R.F.C. Act, the lack of participation by the railways, the necessity of providing a terminal depot, etc.—they may get by. I realize that we cannot do anything now except wait until the Golden Gate is set, but, in the meantime, there is no use fooling ourselves and the way it looks now, they may put it over, unless we get ours over quick or something happens to stop them. Have you any suggestions?

Sincerely yours,

JOE.

JBS:B

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-101

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

405 Montgomery Street

San Francisco

Aug 11 1932

Dr H H Meyers

Gaylord Hotel

Los Angeles Calif

My dear Doc:

As I wired you today, Marx has been appointed chairman of the advisory engineering board, the full board being as follows:

Professor C. B. Marx, Chairman

John F. Coleman, New Orleans

John Lyle Harrington, Kansas City

John Herbert Gregory, Baltimore

Major Gen. Lyle Brown, Chief of Army Engineers

I know Coleman, but only very remotely. Gregory I don't know at all. Evidently the board is a picked board for the benefit of the East Bay bridge and it appears that not only did we not have a look in but that they fooled us—whether intentionally or not, I don't know. It is not only bad for us here in case we have to go the the R.F.C. but it kills everything that we have elsewhere.

I think this ends going before the R.F.C. at all. This is the sentiment of everybody here for it simply

(Testimony of John Sparks.)

means putting our head in the lion's mouth. I have wired Ammann to see that absolutely none of our plans, specifications or information is placed before them and I suggest that you make Diamant understand the same thing. It would be folly to give this board an opportunity to shoot at, and no matter what the higher-ups might do, we would be at the mercy of Harrington and Marx and you know what that means.

I think the private propositions are going to work out and that is our only chance. We expect to get a signed stipulation in a day or two which will write finis to the litigation and then we wont have any difficulty selling our bonds. The propositions from other private bond syndicates are coming in and the program is to accept one of these, keeping up the R.F.C. as a smoke screen only. This is strictly confidential. I am advising you so that we wont cross wires. This is only hope now of putting this thing over and I think we should lay off anything else but an immediate and direct bond sale.

The building committee meets the contractors tomorrow and requested me to be present; accordingly I am staying over. I plan to leave Friday night and will see you Saturday morning at ten o'clock at the Ambassador, assuming that it will be convenient for you to do this.

There is another Board meeting next Wednesday so I shall probably have to return Tuesday night, for I think I should be present. I think there will be several offers for the bonds, direct, and if these are at

(Testimony of John Sparks.)

all acceptable, I think the Board should close. In other words, I think we now must cinch this thing instead of waiting on anyone else. We are beyond the time when we can take chances. Rosoff will have up to that time to put in a proposition if he still intends to come through.

[Check mark in margin.]

strictly

Please consider as/ confidential the fact that the Board will consider private propositions because Filmer does not want this to be known to even the Board members.

[Check mark in margin.]

Sincerely yours,

JOE.

JBS:B

[Endorsed]: Filed Oct. 22, 1942.

DEFENDANT'S EXHIBIT No. A-102

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
405 Montgomery Street
San Francisco

Oct 4 1932

Dr H H Meyers
Hotel Ritz Carlton
New York City

My dear Doc:

Herewith copies of my 2nd wire of today. Every-

(Testimony of John Sparks.)

thing here seems to be in good shape except that some influence is working against substructure bidders and they are running out on us. There are still some in the ring and we are trying to get others, but I am afraid they will also run up against the same influence. You did not say anything about Porter Brothers. Did you talk to them and can you not get them to bid? Perhaps also you could dig up some others in the East. If so, follow the same procedure as to plans as indicated in the wire I drafted for you to send to Porter from the train.

[Check mark in margin.]

I enclose the clipping referring to the Marine Council. This should help, but I understand that some of the big contractors in New York have been assured that the loan will go through. I know that they are making a desperate effort and therefore I think it important that you get in touch with your parties at Washington immediately. In this connection, I enclose clipping relating to the appointment of a new Chairman, Gardner Cowles, appointed to the R.F.C. by President Hoover. There seem to be so many of these that it is hard to keep track but you will probably be able to get the lowdown. I hope that you establish the contact with Pomerene. I think that by hitting hard now we can stop the thing, or delay it until after the 20th.

As already stated, the safest thing is to include the East Bay bridge with the Los Angeles Water District in a test case to determine how the R.F.S. shall

(Testimony of John Sparks.)

determine whether a project is self-liquidating or not. I have talked with some people here and they feel that that is the right thing to do in any event and that the present suit should be brought to determine this on a friendly basis. Please give this phase of the matter your best attention, for this will not only make it certain, but no one can object, not even the East Bay people themselves, to having it established how far the California Toll Bridge Authority can go in binding the state and how far the R.F.C. can go in determining the question of self-liquidation.

I am sending you a copy of the Westlake News which was sent to me today and also a handbill relating thereto. These you will find of interest.

I came back today to get your wire but am going back tonight. The few days benefitted me and I plan to stay until the end of the week. I note that you are making progress and await your further details.

Sincerely yours,

JOE.

JBS:B

I also enclose copy of letter from Halmos, just received. You know the answer. Did you see Silverman?

[Pencil note in margin]: See attached letter.

(Testimony of John Sparks.)

Parsons Klapp Brinckerhoff & Douglas

142 Maiden Lane, New York

Sept. 30, 1932.

Mr Joseph B Strauss Pres

Strauss Engineering Corp

405 Montgomery Street

San Francisco Calif

Dear Mr. Strauss:

For some time I had in mind to write you and congratulate you on the final outcome of your fight in the matter of the Golden Gate bridge. Please accept my very best wishes for the success of your undertaking which I now hope will start soon.

Perhaps you and Dr Meyers will now be free to start on some of the work which we have contemplated to execute jointly—such as the Delaware River tunnel at Wilmington, and the tunnel in the State of Washington.

Please feel free to call on me at any time should you think that I could be of help.

With best personal regards, I remain,

Very sincerely yours,

(signed) EUGENE E HALMOS

EEH:MGE

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-103

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

405 Montgomery Street

San Francisco

Via Air Mail

Dec 29 1932

My dear Doc:

I have your wire of the 29th and am sorry that you are still under the weather and particularly that you are working under strain. I thought that that part of it was pretty well over, in your bailiwick.

While the atmosphere here is cleared by what happened yesterday I must make no false moves. They are particularly critical about being on the job. You saw some telegrams that I received when I was down there the last time and I have another letter from the same man which continues that attitude of mind. I don't want to be away, therefore, on any working day and my week-ends and holidays have been devoted to catching up. The accumulation of work is almost unbelievable. It takes almost all of my time to keep the ordinary routine of the job going and, for the last ten days, I have not even had an opportunity to follow up my mail.

No actual work has been started as yet. It is an endless job to get the permits through the War Department and keep the contractors going along. The

(Testimony of John Sparks.)

question of sub-contractors is a difficult one; the McClintic Marshall matter is still in the air; then there is the question of our permanent headquarters—and in between I have to keep contact with the bank—so that, altogether, I have my hands full.

I could come down Sunday night, returning Monday night. Of course, that isn't so easy now as it was, but if it cannot be arranged any other way, I will do it. I figured the other way, on the arrangement as planned—that you would stop off here on your way East and as long as you were going East, I think that would be best, particularly since it should be any day now.

I agree with your viewpoint about not pressing matters, but think, in view of the time element, it may be necessary to get action. Dont you agree that time enough has elapsed to justify a little pressure—particularly in view of the time schedule? Think it over.

I note what you say about McCrea and also about not having Surf spring it; also about having another plan. Of course, the Legislature now convenes next week instead of the 15th as you figured. I am afraid that the Transbay people are pretty well organized for a quick drive. I presume you plan to concentrate the attack there but I cannot help feeling it ought to be built up in advance. One difficulty is that they have been able to go along all this time, quietly gathering strength, without any criticism to show up the weak spots. It seems to me that we ought to begin to show it up. From

(Testimony of John Sparks.)

all I can gather here, they are entrenching themselves every day. Gradually, they have gotten one thing after another in spite of every belief to the contrary and I am afraid that if we hold our fire too long it may be too late.

I am just talking out loud in an interchange of ideas—just as if we were sitting down across the table, and would like you to consider it this way and judge it for what it is worth. Perhaps from down there the situation looks a little bit better, but up here there is almost an unanimous sentiment that they have the situation licked and that it would take a great deal to stop it. I hope that this is all wrong, but wanted to put it before you as a reaction that I get here.

I judge from what you said and also from your wire that there may be some hitch down there on the Los Angeles end of the Airtram. You may have noted that one of the features of the Roosevelt program is the reestablishment of railways on a basis to meet competition of the motor buses and the motor car. I am firmly convinced that this is the the psychological opportunity to put across as ~~an~~ idea of the Airtram in combination with the railroads to get high speed passenger traffic. If we could get started in Los Angeles, I think we would have the problem licked.

I think the situation here has now been cleared up, but there is a lot to watch for the next 30 days, particularly—after that I think it will be smooth sailing. It will be a great relief to have things

(Testimony of John Sparks.)

going along normally and pleasantly and I am long-ing for that time all around.

After you receive this letter, and if your going is still delayed so that you wont be coming by this way in the next few days, let me know by wire and I will arrange to come down for one day—on next Monday.

With best wishes, I remain,

Very sincerely yours,

JOE

P.S. I saw Surf today and he again asked for a copy of the R.F.C. agreement. I told him that you thought best not to spring it but he insisted that it was the psychological time to do it—maybe this afternoon or tomorrow—at some meeting where the subject was coming up. So I gave it to him. He said he might not use it but if an opportunity arose he wanted to be prepared. Under the cir-cumstances, I hope it is O.K.

J. B. S.

Dr H H Meyers

Hotel Gaylord

Los Angeles Calif

JBS:B

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT No. A-104

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
405 Montgomery Street
San Francisco

Nov 15 1932

My dear Doc:

I received your letter with enclosure from Orbison. However, in order to save time, I did not keep a copy of the resolution of intention which I signed and so I am unable to prepare the instrument desired. It always happens that when I don't keep a copy that is the very one I should have kept. Now I am kicking myself for so doing, but there is no alternative now but to obtain a copy from Orbison or the City and I hope you can arrange to do this and forward it or bring it with you.

We are progressing on the details of the bond sale but it has been nip and tuck every day. We were at it late last night and early this morning again and I think they have all made up their minds to decide it definitely today and it means that it has become necessary for the bank, instead of taking \$3,000,000 additional in March, to take it NOW, and it certainly is lucky that Morrish has turned out to be a regular fellow and has gone the full way.

On other matters, as I stated to you over the 'phone last night, immediate action is necessary and

(Testimony of John Sparks.)

I will arrange to see you immediately you get here Thursday morning, since it is essential that we get together and go over matters as soon as you get in.

Pursuant to your request, I am sending you a check herewith and I am in hopes that when you get here, there will be money available to make a distribution.

With kindest regards,

Sincerely yours,

JOE

Dr. H. H. Meyers,
Hotel Gaylord,
Los Angeles, Calif.
JBS:B

[Endorsed: Filed Oct. 22, 1942.]

DEFENDANT'S EXHIBIT No. A-105

[Letterhead]

Strauss Engineering Corporation
Consulting Bridge Engineers
405 Montgomery Street
San Francisco

Feb. 20, 1933

Dr. H. H. Meyers
Gaylord Hotel
Los Angeles, Calif.

My dear Doc:

I am enclosing herewith the two letters referred

(Testimony of John Sparks.)

to in my letter of yesterday, which now please keep in your files.

I wired you today asking you to send me a list of any of those you wish invited from Los Angeles to the Ground-Breaking Celebration. I can't remember names of a single one of them, not even the man with whom I had the argument at the time he inspected the airtram model, but I thought perhaps, while none of them will probably attend, it would be a matter of courtesy to send an invitation to him and all of those of the same order. I must have this information immediately in order to get invitations out.

I think things here are in pretty good shape, but I am very anxious to hear from you as to the situation down there.

Sincerely yours

JOE

JBS:W

Encl

[Endorsed]: Filed Oct. 22, 1942.

(Testimony of John Sparks.)

DEFENDANT'S EXHIBIT A-106—IN PART

Letterhead of
Strauss Engineering Corporation
San Francisco, California

June 26, 1934

Dr. H. H. Meyers
The Gaylord
Los Angeles, California

My dear Doc:

Re: Prospective Engineering Work

Mr. Sparks has written me asking for details of
the accounting under our agreement of April 27,
1933*

* * * * *

* * * * *

*I should appreciate it if you would check up on your figures and the way you arrived at them and send me a memo so that I can forward it to Sparks and have him check it up and get the books correct.

Also, in order that the corporation may have a proper record of what these expenses covered and of the status of the various projects involved, and which you sought to close for us, I am listing them as follows:

1. The San Francisco-Oakland Bay bridge, California
2. Bridge across Estuary, Alameda, California
3. Westlake bridge at Los Angeles, California
4. Breakwater at Santa Monica, California

(Testimony of John Sparks.)

5. Long Span bridge in the City of Boston, Massachusetts
6. Proposed bridge work, New York City and vicinity, including the Narrows bridge at that point and others.
7. Prospective bridge work in the City of Chicago.
8. Main Street bridge at Cleveland, Ohio
9. The proposed Narrows bridge at Tacoma, Washington
10. The proposed Cascade Tunnel, Seattle, Washington

Of these, all but the Cascade Tunnel have either been awarded to others or have not materialized and, as far as we are concerned, therefore, are concluded. I am therefore reporting to Sparks for the records of the company that these are closed transactions and this letter also served as confirmation between us to that effect.

The Cascade Tunnel project, as I understand it, is still pending and this, therefore, is all that remains on the active list of projects on which you are representing us, but prior to further efforts on this project, I will prepare a letter-agreement covering the basis upon which we shall cooperate, in order that there may be a clear understanding for the records of the company.

Included in the expense item above referred to were certain sums paid to you in connection with your efforts to secure adjustment of the New Jersey suit out of court. This effort was unsuccessful and, as you will note from Mr. Weinfeld's recent letter,

(Testimony of John Sparks.)

he has carried the case through the courts and is preparing to bill the company for legal services in connection therewith. In order, therefore, that the record of the company may be clear, this transaction also stands as a closed account.

Mr. Sparks also asks for a clarification of certain points in our two contracts on the Golden Gate bridge, which I take it are detail questions arising out of the inquiry of the accountants, and I am therefore referring these to Mr. Clausen for reply. In the meantime, I shall appreciate it if you will give me the information above requested so that I may forward it to Sparks at the earliest possible moment. With best regards, I remain,

Very sincerely yours,

JOSEPH B. STRAUSS

DEFENDANT'S EXHIBIT A-107

[Letterhead]

Strauss Engineering Corporation

Consulting Bridge Engineers

111 Sutter Street

San Francisco, Calif.

June 27, 1934

My dear Doc:

I have received your letter of the 26th and am hastening to reply to express my sorrow that Mrs. Meyers has fallen and broken her ankle. I will ask you to transmit the best wishes of both of us for a

(Testimony of John Sparks.)

speedy recovery. It certainly is a shame that she must go through this suffering and endure a cast and confinement to the house for six weeks; but she is a brave and philosophic woman, and I know it will cheer her to know that the best wishes of all her friends are with her.

Today is the Board meeting with all members present, including Congressman Welch, and the time set for a discussion of my contract. We had an open session this morning, and I am now in my office on call, awaiting the outcome of an executive session which began at 2:00 o'clock. I will, therefore, defer writing you until tomorrow.

I received a letter from Charlie and likewise from Quinn and Sparks, and from all of these it is evident that the first thing to do is to straighten out the records of your dealings and mine on all matters so that we can have them in correct shape. I will accordingly write you tomorrow with that end in view.

I have also made up my mind to have Sparks come out here within the next week or two to go over these matters with me and have all the figures reconciled. When that is done, the road will be clear for a meeting with Charlie. As I told you when you were here last, I am convinced that it will do no good to have either you or Clausen go there, that it will have to be settled between Charlie and myself, and, since I can't get away for the next two or three months anyway, if he wants it earlier than that, he will have to come out here.

(Testimony of John Sparks.)

In view of this program, it wouldn't do much good for me to come down for a day, even if I could, and I can't do it anyway because I have had a very hard time all of this week with exhaustion spells and I must take some steps now to overcome it. Accordingly we are going to the country for three or four days, leaving here Friday morning, in the hope that when I come back I shall feel well enough to carry on and go through the meeting with the Consulting Board, who are on their way.

I don't like the looks of the spells I have had this last week and neither does my doctor, but I am not telling my wife. If I feel well enough, I will write you on the other matters above referred to tomorrow.

With kindest regards to you both from us both,
I am

Very sincerely yours
JOE

JBS:W

[Endorsed]: Filed Oct. 22, 1942.

Redirect Examination

By Mr. Hile:

Q. Do you know, out of Mr. Strauss' fee that he got from the Golden Gate Bridge, how much of that was net?

A. Just what do you mean by "net"?

Q. Well, I mean apart from expense.

(Testimony of John Sparks.)

A. Do you mean what profit he might have made on it?

Q. Yes.

Mr. Simon: I object to that as irrelevant and immaterial.

Mr. Hile: He developed the amount of the fee.

The Court: He may answer. It is cross-examination.

A. Oh, I should say about \$200,000.

I discussed with Mr. Strauss the financial affairs of the Strauss Engineering Company; as to whether it was in good or poor financial condition, and he stated that it was in a poor financial condition and needed money.

The corporation had difficulty in meeting a note owing to the First National Bank of Chicago. It was eventually met. [302]

With reference to the Longview Bridge, I was with the Strauss Engineering Corporation when that bridge was constructed. I do not believe that Dr. Meyers had anything to do with that. I think it was finished in 1928.

Q. Handing you what is marked Government's Exhibit 97 for identification, I will ask you if you recognize the signature of Mr. Strauss upon that instrument?

A. Yes, this is Mr. Strauss' signature.

Mr. Hile: I will offer that if the Court please.

Q. (By Mr. Hile): Handing you what is marked as Government's Exhibit 98 for identification, I will

(Testimony of John Sparks.)

ask you if you recognize Mr. Strauss' signature on that letter?

A. Yes, that is Mr. Strauss' signature.

Mr. Simon: I object to Plaintiff's Exhibit 97 upon the ground and for the reason that it is incompetent and hearsay.

Mr. Hile: Your Honor can look at it and look at the certificate that I have reference to, particularly on the second page. I am not particularly concerned about the first page. One short paragraph, I believe.

The Court: The objection will be overruled and it will be admitted in evidence.

Letter from Strauss admitted in evidence and marked Plaintiff's Exhibit 97.

Mr. Simon: Exception your Honor. [303]

PLAINTIFF'S EXHIBIT 97

Letterhead of
Strauss Engineering Corporation
San Francisco, California

June 28, 1934

Dr. H. H. Meyers
The Gaylord
Los Angeles, Calif.

Re: The Airtram System

My dear Doc:

Referring to the proposed Airtram System for Los Angeles, you will recall that last Summer I urged you to have a show-down with Abbott, stating

(Testimony of John Sparks.)

that I could no longer carry the expense in connection with this prospect, that I had been struggling along from month to month in the expectation of Abbott's coming through and taking over the load, and that we should have to determine where we stood. You agreed, therefore, to bring it to a showdown with Abbott, with a result which disappointed both you and myself greatly.

Abbott's proposal turned out to be an offer to take you to certain people in Chicago and have them put up the money, in consideration of a certain interest to him for his services. From the reaction, however, obtained from these people, this was a very faint hope. You then initiated proceedings with a group in Los Angeles who were to advance \$30,000 to cover the initial expense of organizing the Los Angeles Company, making the necessary surveys for the Pasadena lines, etc. You advised me on January 25, 1934 that, after four months of negotiations you found the terms they asked impossible and that you had broken off the negotiations with them.

On February 12, 1934 you wrote me that the situation on the Airtram was such that you wanted to come up to San Francisco and discuss it with me, because, as you stated, "If we cannot carry it, we should quit trying". I replied to you on February 16, 1934 that there was not any use of your coming up for that purpose for "to quit trying" had been our joint decision for many months, that we had

(Testimony of John Sparks.)

fixed the dead line as the first of the year 1934, and that we had, therefore, already called it "quits".

A little later you advised me that you had again heard from Abbott and that he was prepared to [303-a] go to Chicago with you. Perhaps I could judge Mr. Abbott better if I had met him, but, frankly, I feel that you have been dealing with him long enough now so that, if he could have done anything—or wished to—he would have done it long ago. One of your sayings, as you know is: "There is no use kidding ourselves—it is the facts that we must face." The facts are, as you reported in your letter of January 19, 1934, that we cannot get a franchise in Los Angeles without a complete financial set-up to show that we can carry on if the franchise is given and that all efforts to secure such a set-up have failed, with nothing in sight that offers any definite assurance to the contrary.

I suggested Mr. Chandler and Mr. Janss, but you stated very positively that there was no hope of obtaining money locally, and I am inclined to agree with you—particularly from my dealings with Mr. Janss. For the same reason, you advised me to steer clear of Mr. Faries, and, although I finally contacted him in a belated effort to stop the Westlake road, I have proceeded no further, and feel pretty certain that there is no hope of financial aid in that direction.

I am reviewing these facts because it has gone along now six months beyond the dead line, with the situation just exactly as it was, except that,

(Testimony of John Sparks.)

owing to conditions, the matter is drifting, and practically nothing is being done. Due to your Seattle proposition on which you now must concentrate, conditions in this respect are likely to be worse rather than better. I am saying this, not in a complaining way, but because it is a fact. You cannot go on living on hope—and neither can I. Due to enforced concentration on the Golden Gate bridge, I cannot go out after other work and my entire income at present is in this one job. Toward the end of the year, it will be reduced to an almost negligible monthly amount. I, therefore, like you, have got to develop other sources of income.

Also, it is your view, as it is mine, that whatever is to be done in Los Angeles must be done during the present city administration. Time is also running against the Airtram in the development of other schemes, such as the highspeed train service which both the Southern Pacific and the Santa Fe are considering, the activities of Donald Baker, etc.

As I stated to you in my letter of February 16, 1934, I have sunk so much money in the Rapid Transit System for Los Angeles that it is a tragedy to quit. For four years I have been banking my hopes upon it, but the cards seem to have been and to be still stacked against it. I have, as you know, renewed my application to the cities of Pasadena and South Pasadena and have received [303b] these renewals, but I am in doubt as to whether it would not be the better thing, from the standpoint of not kidding these people, to withdraw them.

(Testimony of John Sparks.)

My own impression is that the game is up and that the quicker we recognize it and devote ourselves to other things, the better it will be. However, if you do not agree with me and still desire to make a further effort, I think we should set a definite time limit within which it is to be determined whether or not you can secure the money and connections necessary to obtain the franchise in the City of Los Angeles and present the project of constructing the system there in proper form from the engineering and financing standpoints.

It seems to me that you should be able to determine this definitely one way or the other within the next thirty days, and, if you so desire, this letter will constitute an option to this effect for that length of time, with the understanding that I shall be involved in no expense, which, as already stated, I cannot carry, and subject of course to mutually satisfactory terms and conditions all around. If, within that time you cannot secure the necessary funds to carry out the program in Los Angeles, as above stated, then we will forget it and definitely consider the matter a closed incident, chargeable to experience and profit and loss.

With kindest regards, I remain,

Very sincerely yours,

JOSEPH B. STRAUSS.

JBS:B

Mr. Hile: I will also offer Exhibit 98 for identification and ask the Court to look at it. [303-c]

(Testimony of John Sparks.)

PLAINTIFF'S EXHIBIT No. 98

Richard K. Strauss
Contracting Engineer

Strauss & Paine, Inc.
Consulting Engineers
111 Sutter Street
San Francisco, California

Joseph B. Strauss
President
Cable Address
Bascule Chicago
A B C Code Fifth
Edition
Bentley's Code

Clifford E. Paine
Vice President.
Bascule, Lift,
Swing and Long
Span Bridge
Designs
Investigations
Reports
Estimates
Supervision

June 2, 1937.

Mr. J. S. Swenson
P. O. Inspector
Post Office Department
Seattle, Washington

My dear Mr. Swenson:

Your letter of March 27 has been received. I have had so much on my hands during these last months prior to the opening of the Golden Gate Bridge to traffic that it has been impossible for me to give attention to other matters.

My connection with Meyers was an unpleasant ex-

(Testimony of John Sparks.)

perience which I have sought to put out of my mind. I have known him only since 1928. He had recommendations from General Goethals, whom I knew very well, and he was introduced to me at San Francisco. At that time he claimed to represent eastern capitalists, but I have no evidence as to this other than his own statement. He was then an applicant for a private franchise for a bridge from San Francisco to Oakland. Beyond that he had apparently no business interests. The man has a pleasing personality and is a glib talker and claimed intimate acquaintance with royalty and people of prominence abroad and in the United States, most of which, in my opinion, was purely talk. Later I was informed that his birthplace was [304] a small town in Indiana, from which he ran away at the age of thirteen to join a circus and then engaged in a patent medicine business selling pills, which seemingly is responsible for the title of "Doctor". He never attended college and holds no degree of any kind, so far as I know.

As respects the Golden Gate Bridge, my work on this project began in 1918.

I did not meet Meyers until the latter part of 1928, by which time all the preliminary work on the project had been done. I had been appointed Engineer for the Citizens' Committee organized in 1923 to promote the project and was authorized in 1924 by the Counties of San Francisco and Marin jointly to apply for a War Department permit and prepare the necessary plans, had conducted the War Department hearing, served the Citizens' Committee in all its

(Testimony of John Sparks.)

activities, acted as expert witness in all the litigation. As a result of these activities the District was formed in the month of December, 1928.

By that time the opposition had intensified to the extent that they had organized a wide-spread campaign against the bridge project and myself, using every means in their power to defeat the project. Meyers, who happened to be in San Francisco in connection with certain promotional activities on a bridge to Oakland, persuaded me that he could be of great assistance as public relations counsel in offsetting the hostile propaganda, in molding public opinion, and in helping in the bond issue campaign in general. By reason of what I had been told and the recommendation by General Goethals, I accepted these statements at face value. That I was misled, later developments showed.

The nature of his employment by me was on a contingent basis. Had he capably performed the promised services, [305] there is no doubt but that the compensation originally agreed upon, while considerable, would have been justified by the character of the project and its magnitude and uncertainties. Under my arrangement with him, assuming my retention as Engineer and the successful promotion of the project, there was to become due him, according to his estimate, a sum total of \$220,000. This computation was objected to by me at the time but because of the distance I had gone in the development plans and my desire for harmony, I accepted the estimate. Since then, and in view of the revelation to

(Testimony of John Sparks.)

me of the falsity of his representations and his failure to comply with some of his promises, and his inability and failure to render services, I entered into litigation over payments becoming due. On the advice of my counsel, the litigation was settled and compromised and an agreement of settlement signed. At the time, Meyers was paid \$15,000, and if he complied with the terms of said agreement, an additional sum of about twice that much is yet to be paid.

If what you tell me concerning his recent misrepresentation is correct, then Meyers has breached the settlement agreement. I am now investigating that feature and I shall appreciate your assistance in discovering the facts.

Meyers never had any contact with the Bridge District. He is in no way responsible for the conception of the project, its development, its financing or its consummation. Meyers was to offset the opposition against myself personally and my arrangement with him had nothing to do with the project proper. The opposition had tried to prevent my appointment as Engineer and had made me the target for attack.

The Golden Gate Bridge was conceived, developed and carried through by me, and until 1929, when I was appointed Chief Engineer, I received no compensation whatever and paid [306] all costs myself, and what I have received since then will be scarcely sufficient to enable me to break even. In my opinion, Meyers did nothing for the bridge except to hurt it, and one of the reasons for many difficulties

(Testimony of John Sparks.)

I have had to contend with, is the association that I entered into with Meyers.

Meyers at no time had any connection, real or imaginary, with the Strauss Engineering Corporation or with Strauss & Paine, Inc. At no time that I have known him has he been possessed of any means. On the contrary, he was continually claiming to be in need of money, and it was on this basis he succeeded in extracting from me much of the money that he collected.

Meyers had the habit of painting rosy pictures of his contacts, his influence and the large amounts due him from various people and his ability to close up and secure business, none of which, in my opinion, had any foundation in fact.

Yours very truly,

JBS-m

JOSEPH B. STRAUSS [307]

The Court: Any objection to 98?

Mr. Simon: Yes, on the ground that it is incompetent and hearsay.

Mr. Hile: I think at least portions of it are admissible your Honor, if not the entire exhibit, in connection with these other exhibits that have been put in by the defense.

The Court: The objection will be overruled and it will be admitted as an exhibit.

Letter from Strauss admitted in evidence and marked plaintiff's exhibit No. 98.

(Testimony of John Sparks.)

Mr. Simon: Will your Honor allow us an exception? Also does your Honor appreciate to whom this letter was written and the occasion for it?

The Court: Yes.

(Exhibit 97 read to the jury by Mr. Hile.)

The Court: I don't see the necessity of reading all of that letter Mr. Hile. There are parts of it that might have some relation to the exhibits offered by the defendant.

Mr. Hile: Very well, your Honor.

Mr. Simon: I move to strike the exhibit and ask that the jury be instructed to disregard the contents thereof as hearsay and I move for a mistrial; ask that the jury be withdrawn and a mistrial declared.

The Court: Motion denied.

Re-Cross Examination

By Mr. Simon:

With reference to the account that Dr. Meyers [308] undertook to collect for the corporation, the account due from the Chicago Park District, I believe it was about \$37,000. The corporation had tried unsuccessfully to collect it. My recollection is that Mr. Strauss informed me that Dr. Meyers would assist in the collection and shortly after Meyers came to Chicago the account was paid.

I knew that Mr. Strauss and Dr. Meyers had a serious disagreement commencing, oh, about the middle of the summer of 1934. Mr. Strauss had the same experience with some others. Mr. Wein-

(Testimony of John Sparks.)

feld, his attorney, was one. That was also true of Mr. Ellis, who had done a lot of work on the Golden Gate Bridge plans and specifications. Mr. Strauss did not give Professor Ellis any credit for all of the work he had done on the Golden Gate Project.

Re-Direct Examination

By Mr. Hile:

I do not know the reason for the rupture between Meyers and Strauss. I wasn't on the ground. I do not know whether Mr. Ellis ever claimed any credit for his work on the bridge.

Re-Recross Examination

By Mr. Simon:

Mr. Strauss never went into any detail about any connection of Mr. Meyers with the bridge. He never told me that Meyers was entitled to any credit for the bridge. My activities were strictly from an accounting standpoint. [309]

GRANVILLE EGAN,

A witness called on behalf of the plaintiff, after having first been duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am an attorney. In February, 1938 while attorney for the receiver of the Peoples Gas and Oil Development Company I talked with defendant

(Testimony of Granville Egan.)

Meyers in Los Angeles. Mr. Donnelly, the receiver, was present. Mr. Donnelly told Mr. Meyers that the share holders of the development company were continuing to drill on Frenchman Hills and it was difficult to obtain money, but they wanted the well finished, and had demanded of Donnelly that he in turn demand of Meyers to furnish sufficient money to make a fair test of the well at Frenchman Hills. Mr. Donnelly said in his opinion it was a reasonable demand and he asked that the money be furnished. Mr. Donnelly explained to Mr. Meyers that he had retained a geologist to advise how far to go down to make a fair test and he asked Meyers to provide sufficient money to drill to such depth.

Meyers said he would have to consult his counsel and would advise later. He did later write a letter in reply to Mr. Donnelly. I saw the letter, but it was destroyed with the files of the receivership. I was receiver at the time the files were destroyed.

All I recall of the contents of the letter is that Mr. Meyers said he felt there was no obligation on his part to furnish the money for the drilling.

Cross Examination

By Mr. Simon:

There may have been in Dr. Meyers' letter the [310] statement in substance that he was willing and expected to live up to any representations he had made; that he was then under indictment and not in position to furnish the funds; that it was inconsistent for Donnelly to take the position in the receivership that Meyers was not entitled to the equipment and royalties provided in the contract

(Testimony of Granville Egan.)

between the Drillers, Inc. and the Development Company and still call for money for the drilling; that any obligation of his was contingent upon the return of the drilling equipment. The gist of the letter in answer to Mr. Donnelly's question was that he had no obligation to drill.

This conversation occurred at the Biltmore Hotel in Los Angeles.

Defendant's Exhibit A-108 seems like a copy of the letter Mr. Donnelly received from Mr. Meyers, but I do not recall the additional writing on it.

Aside from that I believe that is the letter. I would not say that the original letter did not include the changes indicated by the pen and ink writing.

Defendant's Exhibits A-108 and 109 both admitted in evidence.

I was appointed attorney for the receiver about a month or a month and half after his appointment on October 22, 1937. I was appointed at the instance of the Director of Licenses of the State of Washington. At the time of the appointment the development company was drilling. I do not know the depth of the well.

Drilling was continued for several months by the receiver after the conversation with Meyers, in Los Angeles. I was appointed liquidating receiver on December 23, 1938. The drilling was discontinued shortly prior to that date. I would say about December 1. Drilling by the [311] receiver continued from October 22, 1937 to December 1, 1938.

(Testimony of Granville Egan.)

Re-Direct Examination

By Mr. Hile:

With reference to defendant's A-109 the demand was made on Mr. Meyers individually.

I know that Mr. Donnelly wrote him after the receipt of the letter and repeated his demands. Whether he demanded also that the Peoples Drillers continue drilling I do not know. [312]

CHARLES W. DUNCAN,

A witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live at 628 Montgomery Street, San Francisco. I am an advertising man and public relations counsel. I became associated with Joseph B. Strauss as an employee in November of 1930. I knew him previously and were close personal friends. I acted as his executive secretary and public relations counsel from 1930 until he died. Prior to being employed by Mr. Strauss I handled the information bureau in the Golden Gate Bridge campaign. I was interested in the bridge enterprise ever since Strauss first conceived the idea. I had known him for many years. I did public speaking up and down the Coast and helped him in every way I could, speaking at universities and schools, rotary and Kiwanis Clubs and trying to build up a senti-

(Testimony of Charles W. Duncan.)

ment in favor of the bridge. I did that in 1927 and 1928. I did not know defendant Meyers while engaged in such speaking.

In regard to the Bureau of Information that was active in the bond campaign. About three months before the election I was employed by the bridge district to handle the advertising and all things that had to do with informing the public as to the nature of the thirty-five million dollar bond issue. I was paid by the district. I organized the bureau under a man whom I brought in by the name of Minor Chipman. Mr. Strauss sat in in an advisory capacity. I was given carte blanche in handling the campaign. They set aside a budget of \$20,000 [313] for the campaign. I handled and allocated all that money and handled the newspaper advertising that went with it and the radio and all the things necessary for the publicity concerned in the bond issue.

Speakers were selected by Minor Chipman, but I passed on all of them and all the material that the speakers used.

Defendant Meyers was never on the speakers' bureau. I formulated the advertising myself. I would make the lay-out, as we call it, of what we wanted to say. We had to do that from day to day because the railroad company put in a big ad one day and we would have to answer it the next day. Mr. Chipman was doing much of the writing and Mr. Strauss would go over it. Defendant Meyers never had a thing to do with that. He

(Testimony of Charles W. Duncan.)

never participated in any of our meetings. I never sought any advice from him.

He never gave me any money or offered to give me any. I met the defendant several months prior to the bridge campaign. He had a sort of an office in the Palace Hotel. I had not heard of him before. He never gave me a nickel of money. While I was secretary to Mr. Strauss I would see him occasionally, when going with Mr. Strauss to the Palace Hotel for lunch. I never had any conversation with Meyers concerning his financial condition and never was present when anyone else mentioned it in his presence.

I do not know anything that the defendant, Meyers, did or had to do with the Golden Gate Bridge. I was made a director of the Strauss Engineering Company of California, but the corporation never functioned. Mr. Meyers did not appear on the board. I do not know of anything he had to [314] do with it.

Defendant's A-67 with the purported agreement attached I have never seen before. I never heard of it.

I saw something similar to government's exhibit 21. It was a broadside similar to this. I saw it in the Mark Hopkins Hotel in San Francisco about the middle of 1934. Mr. Meyers had it. Mr. Strauss was present.

Q. What conversation occurred at that time?

A. Well, Mr. Meyers—Mr. Strauss asked me to go up with him to Mr. Meyers' room in the hotel—

(Testimony of Charles W. Duncan.)

what I presumed was his room. At least, he was there. And during the course of his conversation with Meyers (Strauss) he laid a broadside similar to this out on the table and asked me what I thought of it. And I ran through it and read the various things in it, looked it over casually, and I said, "Well, it looks like 'blue sky' to me," and I said, "Aren't you afraid of the Better Business Bureau?" And he said, well it was perfectly within the law. I said, "Do you really expect to find oil there?" He said, "You never know what you will find." I said, "Well, suppose you don't find oil?" in the first place,—He said, however, they were not particularly interested in finding oil; what they were interested in was selling shares. And I said, "Suppose you don't strike oil?" "Well", he said, "we will just keep on boring." That was the purport of the conversation.

Defendant Meyers had no office in the offices of the Strauss Engineering Company.

When I saw, what is exhibit 21, it may have been in what we called proof form. I just examined the [315] contents to see the nature of it. I believe it had a map similar to that in exhibit 21.

Cross Examination

By Mr. Simon:

At the present time I paint portraits. I was trained as a portrait painter, but have been only engaged in it the last year. Previously I managed the Northern California Division of the W.P.A. project in art for about six months. Previously

(Testimony of Charles W. Duncan.)

I was retired and spent a good deal of my time fishing as an avocation. I also managed a hotel on Russian River. That was a three months temporary job as manager of the resort hotel last summer. The last regular steady job was with Mr. Strauss.

Immediately before being employed by Mr. Strauss I was employed by the Golden Gate Bridge District for the three months campaign for which I received \$1,000.00. Prior to that I had been ill and was retired.

My conversations with defendant H. Harry Meyers had been casual. I did not know the man. I just went with Mr. Strauss. I do not believe I could set the middle of 1934 as the time when I had the conversation with him, in the Mark Hopkins Hotel. I do not know whether he was registered at the hotel. I had not seen him in the Mark Hopkins Hotel previously. Whenever I had seen him before it had been at the Palace. Most of the conversation in the Mark Hopkins Hotel was between Strauss and Meyers about other things I had no connection with.

It is correct that Dr. Meyers did not know me well at all, but he said to me that he was not interested in whether he found oil or not, that all he was interested in was selling shares. [316]

(Testimony of Charles W. Duncan.)

Re-Direct Examination

By Mr. Hile:

To the best of my memory Mr. Meyers used the word "shares" in his statement that he was interested in selling shares.

Re-Cross Examination

By Mr. Simon:

Defendant's Exhibit A-65 for identification. I have not seen it before, nor do I have direct knowledge of it, but I suspected that Strauss and Meyers had a code. [317]

JOHN S. SWENSON,

A witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I was for 43 years employed in the Postal Service, about 37 years of that time as inspector. I was retired from that position for age at the end of October, 1941. During my time of service I had the general work of post office inspector for many years and during the later period, for 25 years or more, I was assigned specially on mail fraud cases. I have now been appointed as special attorney in the Criminal Division of the Department of Justice.

I had charge of the investigation of this case as far as the post office department was concerned. Of the defendants I talked first with Mr. Simons in

(Testimony of John S. Swenson.)

August of 1936. I talked first with defendant Meyers in his rooms at the Olympic Hotel in Seattle on September 19, 1936. Mr. A. J. Zimmerman and W. S. Rich of the Federal Bureau of Investigation were present.

Q. Did you have a conversation with him at that time? A. Yes.

Q. All right. Will you relate what it was?

A. He said first: "I understand that you want to talk with me." And I said, "Yes, we were referred by the office in the Fourth & Pike Building to you. An investigation has been ordered by the Postoffice Department and the Department of Justice, of the operation of the Peoples Gas & Oil Company, and I thought that before we go very [318] much farther than we have so far, we would like to hear your side of the story, hear what you have to say regarding the enterprise and the representations that are being made and have been made in connection with the campaign that is being carried on." He said that he resented to some extent the fact that an investigation was being pursued because the enterprise was being carried on at his own expense and nobody ought to be concerned about it.

I said that there had been a great many people, thousands of people, according to the information that we had, who had been induced to invest in leases on Frenchman Hills on representations that he was a very rich man, an international financier and philanthropist, and the builder of the Golden

(Testimony of John S. Swenson.)

Gate Bridge; that those representations seemed important, and for that reason we believe that an investigation was warranted and we would like to have his statement regarding them.

I asked Mr. Meyers whether it was true that he was a multi-millionaire or a very rich man and he said it was not true; that if I had the difference between what he was reputed to be worth and what he was actually worth I would be a very rich man.

I asked him if it was true that he had built the Golden Gate Bridge and he said that he was responsible for the building of it; that he had fought for the bridge for a number of years and finally had gone to the people against adverse interests and in an election held in six counties in California, had won for the bridge by a two-thirds majority. He said it had cost \$360,000. I asked if he had paid that amount himself. His answer was this: "Who else?"

I asked why it should be necessary to carry on a big selling campaign for the sale of [319] leases on Frenchman Hills if he was paying the bills and all the expenses of drilling the well? His reply was that he was paying the expenses of the well and he would continue drilling the well down to six or seven thousand feet if necessary; but that it was necessary for him to have an organization behind him that would be able to exert political influence when and if oil should be obtained, and that it would be necessary to fight the major oil companies for the market. He said it would do no

(Testimony of John S. Swenson.)

good to get oil,—or he said this way:—he asked the question: “What good would it do to get oil if we didn’t have the political support to sustain the fight that would have to be made for the market?”

I said, “if you drill a well and produce an oil field in this state, I will personally guarantee you the political support of the legislature.”

I asked him about the Peoples Gas and Oil Company as a selling organization. He said that Broome had come to him with the proposition to drill a well on Frenchman Hills and he had hesitated, but had undertaken it on the representations made by Broome, but on condition that he would take with him up here two men, William Markowitz and J. F. Simons who were experienced in developing public interest in an enterprise that he had known them for eight or ten years; that they were very fine men of high standing in California who would be able to build up public sentiment and an oil consciousness in the State of Washington. For that reason he had brought them up here and he felt interested in the organization although he said he did not receive any part of the proceeds. I asked him particularly whether he was receiving part of the proceeds of the sale of leases and he denied it, saying that he was paying all drilling expenses out of his own pocket [320] and had plenty of money to do so and would continue drilling down to six or seven thousand feet to prove whether or not there was oil.

He said he wanted a political organization built up in the state and that was being done by the sell-

(Testimony of John S. Swenson.)

ing organization to support him in not only the oil enterprise and opening a market for the oil if it should be found, but also in connection with drilling the Cascade Tunnel in which he was interested.

In connection with the statement that he was not a millionaire, he also said he was not a philanthropist and that his middle name was "Make a dollar".

In June, 1937 I had another talk with the defendant in the Post Office Building at Seattle. Mr. Frank Pelligrini, Assistant United States Attorney and Paul D. Coles, attorney for Dr. Meyers were present. Mr. Gerald Shucklin, Assistant United States Attorney was present part of the time.

In the previous conversation I had asked for a financial statement showing the sources of Dr. Meyers' income prior to becoming interested in the Golden Gate Bridge enterprise. He then said he considered that out of order and would not promise to furnish it. Afterwards I received from Mr. Paul Coles what he called a partial statement. I discussed that with Dr. Meyers at the meeting in the post office building in June, 1937. Government's Exhibit 99 is the statement that had been furnished me.

I discussed with Dr. Meyers and Mr. Coles particularly the item of \$165,000 on the statement purporting to be due him from the Golden Gate Bridge enterprise from sources other than Mr. Strauss. He said certain firms owed him the

(Testimony of John S. Swenson.)

money. At first he declined to give the names, but later said the Marshall-McClintock Company of [321] Pittsburg, Pa., and the John Roebling Company of a city in New Jersey owed him sums of money and that these and similar items made up the \$165,000. I asked him if any sum had been paid by these companies or supply houses and he said not yet, but he expected to collect.

Q. Was there any further discussion other than you have related?

A. Well, I don't recall now anything particularly. I did ask him and asked Coles in his presence for a definite financial statement showing the sources of his income, particularly before starting in on the Golden Gate Bridge enterprise.

Q. At that time——

A. (Interrupting): Oh, yes, he did say—that is right—he did say that one of the enterprises that he had been connected with after returning to the United States from England in 1914, had been the Translux Corporation, an enterprise for developing the Translux invention. He said that had been very successful and that he had made money out of it.

And he also mentioned the Seaboard-Manganese Corporation and the United States Manganese Corporation, as I recall it, and he said that was another enterprise that he had been connected with and that he had been successful in and had made money out of.

In the interview in the post office building he

(Testimony of John S. Swenson.)

said he had made a large sum of money in London, England. That he had lost about \$700,000 in the stock market there, but nevertheless had \$500,000 left when he returned to the United States in 1914.

After a meeting in the post office building I received through the mails what is marked as Government's [322] Exhibit 100. This came from Attorney Coles, Dr. Meyers' attorney, in response to further request for a financial statement from Dr. Meyers. I never did discuss that with him.

Plaintiff's Exhibits 99 and 100 admitted in evidence.

PLAINTIFF EXHIBIT "99":

Deposits of H. H. Meyers at Los Angeles as of January 1, 1934

Deposit in Bank of America.....	\$ 14,000.00
Due from Strauss	110,000.00
Certificate of Deposit Bk. of America	60,000.00
Some question of this amount, either 40 or 60,000.00	
Certificate of Deposit F & M Natl Bk. L. A.....	25,000.00
Security First National, Los Angeles.....	3,500.00
Amounts due Re Golden Gate Bridge other than Strauss	165,000.00
From Peoples Gas and Oil Company	65,000.00

(Testimony of John S. Swenson.)

PLAINTIFF EXHIBIT "100":

June 18, 1937

Re: Case No. 1625-F

Mr. Swenson:

In compliance with your requests, I am listing additional assets of Mr. Harry H. Meyers as of Jan. 1, 1934.

\$ 87,820.77	Balance due from Strauss
\$ 37,500.00	Certificate of Deposit, Bank of American, 6th and Alexandria Branch, Los Angeles.
or	
\$ 40,000.00	
\$ 25,000.00	Certificate of Deposit or Cashiers Check, Farmers & Merchants Bank, Los Angeles.
\$ 12,213.03	Bank of America Checking Account, 6th and Alexandria Branch, Los Angeles.
\$ 3,500.00	Security First National, Los Angeles. (This figure approximate).
\$165,000.00	San Francisco Bay Bridge, for Public Relation Work.
\$330,000.00	San Francisco Bay Bridge, for Public Relation Work.
\$400,000.00	Cash in safety deposit vaults.
\$ 65,000.00	Due from Peoples Gas & Oil Company.

(This does not include any of the personal estate of Mrs. Meyers.)

[323]

Cross Examination

By. Mr. Simon:

Q. You testified upon the prior trial of this case three and one-half years ago?

A. Yes, I did.

Q. Did you, upon that occasion, say anything about Dr. Meyers having said that he had spent \$325,000.00 in connection with the Golden Gate Bridge?

A. \$360,000.

(Testimony of John S. Swenson.)

Q. \$360,000. Did you so testify?

A. I think I did.

Q. Are you sure?

A. Well, if I didn't, I should have.

Q. But you don't recall now whether you did or not?

A. I think I did. I think it will be found in the record.

In the conversation about Dr. Meyers' wealth I do not remember any definite sum being mentioned. It may be possible that I did say I had heard that he was worth \$15,000,000, but as I recall it I simply told him that people were being told that he was a multi-millionaire and asked him if that was true and he said it was not true.

He told me that he was getting no part of the proceeds from the sale of leases. The remark by Dr. Meyers that he was not a philanthropist and that his middle name was, "Make a Dollar" was something of a facetious expression. I told [323-a] him what was being said regarding him in the selling campaign and that was his reply.

I do not recall any offer by Dr. Meyers or his attorney, Paul Coles, to pay my expenses for a trip to California to investigate his standing and connection with the bridge, nor did I ask Paul to make the investigation and report to me. He did go entirely voluntarily and came back with a collection of letters and testimonials, and said that he had found that Dr. Meyers had a very high standing in California. He tried to persuade me that

(Testimony of John S. Swenson.)

there was no reason for any action against Meyers. I did ask Mr. Coles to furnish copies of Dr. Meyers' income tax returns for the years 1933—1936, but he failed to do that.

Exhibit A-111, I believe, was submitted by Mr. Coles as a statement of the amount paid by Mr. Meyers out of his own funds for development and drilling operations on Frenchman Hills.

Mr. Coles did submit Government's Exhibit 100. I do not recall that he made any promise at all at the time of the interview. We had discussed it and I had requested particularly a statement showing the items of assets that Dr. Meyers had and his sources of income. This statement adds \$400,000.00 to the statement first furnished and shows that sum as held in cash in a safety deposit vault. There is also an item of \$330,000 on account of the San Francisco Bay Bridge, which is not in the first statement. With the exception of these two items I believe the second statement is the same as the first.

There was a suit instituted in the United States District Court for the Western District of Washington by a [324] Mrs. Dickason against the Peoples Gas & Oil Company asking for appointment of receiver. Mrs. Dickason was a resident of Montana. Her husband was a retired agent of the Federal Bureau of Investigation. I had nothing to do with the suit. As I recall it the complaint had been filed before I knew of it. I can think of no information that I furnished Mr. Davis, Mrs. Dickason's attorney, that he used in connection with the suit.

(Testimony of John S. Swenson.)

As I recall it, Mr. Davis came to my office and offered to furnish information that came to him and I said I would be glad to receive it, although I was sorry that I would not be able to reciprocate because I could not furnish information that we were obtaining in our investigation. Mr. Davis obtained a good many affidavits and statements from investors and furnished me copies of them and whenever he learned of anything he told me of it.

Q. Mr. Swenson, when the Grand Jury was in session over here in Tacoma in the fall of 1937, and it was rumored that they were considering an indictment in this case——

Mr. Hile: I object upon the ground that the question shows the proceedings of the Grand Jury and there is nothing that would warrant——

The Court: Let counsel finish his question.

Q. (By Mr. Simon): Isn't it true that there were literally hundreds of people who came to this building and asked permission to appear before the Grand Jury; and isn't it true that you told them that you assumed the responsibility of telling them that they couldn't go before the Grand Jury to testify in opposition to the issuance of an indictment in this case?

Mr. Hile: I object to the question on the ground that what the Grand Jury does is entirely up to the Grand Jury. It has no bearing on this case. We are trying the cause on the evidence here.

[325]

The Court: Objection sustained.

(Testimony of John S. Swenson.)

Mr. Simon: Exception.

Q. Mr. Swenson, is it true that you were in the District Court of the United States for the Western District of Washington, Southern Division, Seattle, before the Honorable Lloyd Black on the 26th day of November, 1941, in the proceedings in this cause when the defendant, William Markowitz made application for a stay of execution for sixty days, and when there was presented to the District Judge Black, a communication from the Attorney-General of the United States recommending that——

Mr. Hile: Just a moment, your Honor. I don't see where this has any bearing on the case at all, what happened in proceedings as against these other defendants in 1941 in connection with this case, unless counsel assures us it is something in reference to the defendant here.

Mr. Simon: I would like to complete the questions. I will complete it in the absence of the jury if the Court has any notion that I am saying something that is improper.

Mr. Hile: I ask that the jury be excused so that we can go into this matter.

The Court: The Court does not want to take the time to send the jury out time after time. Do you expect to follow that up with other matter?

Mr. Simon: No, this is going to be my last question of the witness, I think, as far as I now know, and I think it is proper as indicating his attitude.

Mr. Hile: I think this should be out of the

(Testimony of John S. Swenson.)

presence of the jury, because I was there also and I know what occurred.

Mr. Simon: I have got a stenographic transcript of what occurred and I think it is relevant.

[326]

The Court: The jury may step out into the hallway for a few minutes.

(Whereupon the jury was excused and the following argument was had out of the presence and hearing.)

Mr. Simon: I offer to show by the testimony of this witness and I believe that he will answer if allowed to have the question put to him, that on the 26th day of November, 1941, when there was pending in this cause an application of the defendant William Markowitz for a stay of execution for a period of sixty days to allow the Attorney-General, through the office of the Pardon Attorney, to make an investigation of the defendant's claim of innocence, lest there be a possible miscarriage of justice, because the defendant had never produced a defense witness upon the prior trial; that when the United States Attorney, pursuant to the directions of the Attorney-General of the United States, told the District Judge that it was the recommendation of the Department of Justice that such stay of execution be granted, this witness urged that the Court not grant the request for a stay of execution.

Mr. Hile: Now, what possible bearing has that on this case against this defendant?

What happened was we were instructed by the

(Testimony of John S. Swenson.)

Attorney-General to make such a recommendation. We told the Court that upon instructions of the Attorney-General we were making such and that is all there was to it. What has that got to do with the guilt or innocence of this defendant, Mr. Meyers? Not one iota.

The Court: Unless it goes to the animus of the witness.

Mr. Simon: That is exactly our point.

Mr. Hile: Well, we were all of the same view, that the Court shouldn't do anything and the Court didn't. [327]

Mr. Simon: The point is that this man violated—at any rate went contrary to the instructions of the Department of Justice of the United States.

Mr. Hile: He wasn't working for the Department of Justice. He was not in that capacity at all. He was then a postal inspector and was not connected with the Department of Justice.

Mr. Simon: A different uniform now.

Mr. Hile: Because an Assistant Attorney-General or somebody else writes a letter to us telling us to make such a recommendation, has no bearing upon Mr. Swenson, who was working for the Postal Department, and was not under the direction of the Attorney-General. The stay of execution was opposed, not only by him but by all of us.

Mr. Simon: Now, that is not true. You know that your chief stated in view of the direction of

(Testimony of John S. Swenson.)

the Attorney-General, he was required to remain silent.

Mr. Hile: That is right. But what is the implication? We were opposed to it and that is the fact.

Mr. Simon: The implication is that you refused to carry out the orders of the Attorney-General of the United States.

Mr. Hile: No, not at all. The implication was we were giving it to the Court, and that is what we did.

The Court: I think, Mr. Simon, I will have to sustain the objection to this line of inquiry.

The Witness: Your Honor, let me say this: I think Mr. Simon is mistaken in his statement that I said anything. I didn't appear. I had nothing to do with it. The Postoffice Inspector in charge did appear for the Postoffice Department but I did not say a word as far as I recall it. I was present but I didn't say anything. [328]

Mr. Simon: Counsel for the Government, I take it, will stipulate that you did make a speech.

Mr. Hile: I think you did, Mr. Swenson.

The Witness: I think you are mistaken. I think it was Mr. Cain, C. E. Cain, the Postoffice inspector in charge. I know that he was there and he represented the Postoffice Department.

Mr. Simon: There is no question about it.

Mr. Hile: This is on something else.

The Witness: Mr. Day Karr represented the Securities & Exchange Commission.

(Testimony of John S. Swenson.)

Mr. Hile: This went to the petition that was put in by the defendant, as to the signers of the petition.

Mr. Simon: Oh, no, this was on——

Mr. Hile: I don't see that it makes any difference anyway.

Mr. Simon: The Court said, "I am assuming from what was said by Mr. Swenson in Tacoma, that it is his intention to oppose probation. Is that still his position?"

"Mr. Swenson: Yes, your Honor. It seems to me that there has been an unusually long delay in this case up to this time."

The Witness: That was in Tacoma.

Mr. Simon: No, that was in Seattle.

The Witness: I beg your pardon. That was here in Tacoma, not in Seattle. I did make these statements.

Mr. Simon: I offer to show, if necessary, by calling the official reporter who reported this for me, Mr. Ben F. Nelson, that Mr. Swenson did take it upon himself.

"The Court: I am assuming that, speaking for yourself alone that the request contained in the telegram of the Assistant Attorney-General for a sixty-day further stay, in event probation is denied, should not be followed by the Court? [329]

"Mr. Swenson: My recommendation would be that the sentence be made effective as soon as practical."

The Witness: That was here in Tacoma.

(Testimony of John S. Swenson.)

Mr. Simon: A number of such conferences.

Mr. Hile: It doesn't matter.

Mr. Simon: Everybody knows that that occurred in Seattle.

Mr. Hile: I won't say it didn't but I still say it makes no difference whether it did or not.

The Court: You may make your offer if you want to further complete your record.

Mr. Simon: Your Honor, I offer to show that at that time when, by direction of the Assistant Attorney-General of the United States in charge of criminal prosecution, Mr. Wendell F. Berge, the United States Attorney's office in this District, was directed, in the event that Mr. Markowitz should make application for a stay of execution, to recommend to the Court that the stay be granted to the end that the Pardon Attorney would make a complete investigation with reference to the claim of innocence of the defendant, Markowitz, lest there be a miscarriage of justice.

And I offer to show further, your Honor, that upon that occasion the Court stated as follows: "I am assuming that from what was said by Mr. Swenson in Tacoma that it is his intention to oppose probation. Is that still his position?"

I will show that he had opposed a similar thirty-day stay—this was a request for a continuance of sixty days—both of which had been recommended by the Attorney-General.

"Mr. Swenson: Yes, your Honor, it seems to me that there has been an unusually long delay in

(Testimony of John S. Swenson.)

this case up to this time. The case started in the early part of 1934—that [330] is the scheme started in the early part of 1934. My investigation started in the early part of 1936, and the indictment on which the trial was had was not returned until September 2, 1938. The sentences were imposed on August 29, 1939 and it took the Court of Appeals a long time to hand down that decision, and since that time the matter has been before the Supreme Court, and the Supreme Court decided it was not a cause that they were warranted in interfering with. I think there has been a much longer delay than is usual or warranted.”

“The Court: I am assuming, speaking for yourself alone, you feel that the request contained in the telegram of the Assistant Attorney-General for a sixty-day further stay, in the event probation is denied, should not be followed by the Court?”

“Mr. Swenson: My recommendation would be that the sentence be made effective as soon as practical.”

The Court: Do you object to that offer?

Mr. Hile: I do object, your Honor.

The Court: The objection will be sustained and exception allowed.

Mr. Simon: And the point to which that is directed, your Honor, is that the matter of the selection of witnesses and the matter of producing or withholding evidence has throughout this case been in the almost exclusive control of this man who

(Testimony of John S. Swenson.)

has by this course of conduct indicated his animus and bias.

Mr. Hile: That statement is absolutely denied. It has been within my discretion that witnesses would be called and what would not be called.

The Court: The Court is familiar with proceedings before a Grand Jury and will take judicial notice of the fact that the Grand Jury is an arm of the court. The attorney *at-* [331] *torney* attending upon them, the United States Attorney, the assistant attorney or whoever is representing him, or if it is the Postal Inspector, if the Postal laws are involved, to present the facts such as they find them, and to follow the instructions of the foreman of the Grand Jury, members of the Grand Jury of the United States Attorney. And I cannot indulge any presumption that any of the parties, including the Postoffice Inspector, did anything more than their duty in this case.

Bring in the jury.

Mr. Simon: Exception.

The Court: Yes.

(Whereupon the Jury returned into Court.)

The Court: Now, you may proceed, Mr. Simon.

Mr. Simon: That is all, your Honor.

Mr. Hile: I have no further questions.

The Court: Step down, Mr. Swenson. [332]

ERNEST A. TROEGER,

A witness called on behalf of the plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I live at 184 St. Johns Place, Brooklyn, New York. I know the defendant Meyers. My father and I first met him in 1919 at his office, 15 East 42d Street, New York in connection with the Translux Company. We had a conversation with him at that time.

The translux screen was my father's invention. We had a small company named the Translux Company of which my father was the sole stockholder. We were seeking finances to develop the invention.

Dr. Meyers represented to us that he was a man of means; that he had just come back from England and was looking for something to put some money into, and that if this appealed to him he was the man for it and would go through with it.

Plaintiff's Exhibit 101 is the original draft of the minutes of a meeting of the Translux Company drawn up by me with corrections made by Meyers in his handwriting. Meyers, my father and I made that document. It was poorly written and I re-wrote it for the minute book. Plaintiff's Exhibit 101 thereupon admitted in evidence.

15187

No.

PLAINTIFF EXHIBIT

101

OCT 22 1942

PAUL P. O'BRIEN,
CLERK

MINUTES of special meeting of the BOARD OF DIRECTORS of THE TRANS-LUX COMPANY INC., held January 22nd at 11 A.M. at 251 Washington Street, Borough of Brooklyn, New York City.

Mr. John F. R. Troeger called the meeting to order, and presided thereat. Mr. E.A. Troeger acted as Seceratry.

The Chairman announced that the meeting was held pursuant to waiver of notice signed by all of the directors, and the waiver was ordered filed as a part of the minutes of the meeting.

The Chairman announced that the purpose of the meeting was to consider the resignation of Mr. R. Schwinzer and to transact such other business as might properly come before the Board of Directors.

The minutes of the previous meeting were read and approved.

Then the Secretary read a letter from Mr. R. Schwinzer tendering his resignation as V. Pres. & Director of the Trans-Lux Co Inc. Upon motion made by E.A. Troeger his resignation was accepted *by unanimous vote*

Upon motion of E.A. Troeger, Mr. H.H. Meyers was duly elected a director of the company to fill the vacancy caused by the resignation of R. Schwinzer, for the unexpired term ending March 4th, 1920, or until his successor is duly elected and qualified.

Thereupon said H.H. Meyers accepted his election as director, signed the waiver of notice, and took his seat in the meeting.

Upon motion of E.A. Troeger, H.H. Meyers was duly elected Vice-President of the company to fill the vacancy caused by the resignation of R. Schwinzer.

At this point in the proceedings the President was Mr. John F. R. Troeger withdrew from the meeting and the Vice-President took charge of the proceedings.

On the motion of E.A. Troeger, John F. R. Troeger was appointed Superintendent and his salary fixed at \$3600. per year, to be paid in equal weekly installments, for a period of two years from February 1st, 1920. The president then reentered the meeting and assumed the chair.

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of Trans-Lux Company
The Secretary & Treasurer Mr. E.A. Troeger then withdrew from the meeting and upon the motion of H.H. Meyers the said E.A. Troeger was duly elected ~~Assistant Superintendent~~ and his salary fixed at \$3000. per year, to be paid in equal weekly installments, for a period of two years from Feb. 1st, 1920.

The president, John F. R. Troeger then announced to the Board of Directors, that he had invented, and recently applied for a patent, a device for producing an optical illusion by the use of screens and other devices which he thought would be of great commercial value. After discussion he proposed to sell to the Trans-Lux Company Inc., for use in the U.S. of America, together with all patents, application for patents and improvements thereto secured or to be secured in the patent office of the United States.

Upon motion of ~~H.H. Meyers~~ the following resolution was unanimously adopted:-

Resolved that the ~~President John F.R. Troeger~~ and ~~Mr. H.H. Meyers~~ be appointed a committee to negotiate and agreement to suggest to the full board a ~~definite~~ contrast and for the purchase of the American rights to the invention described by John F.R. Troeger, ~~subject to the approval~~ *and return of the full board*

Upon motion of H.H. Meyers the meeting adjourned until 11 A.M. January 23rd, 1920.

Ernest H. Troeger pres.

WE, THE UNDERSIGNED, directors of the Trans-Lux Company hereby certify that we have read the foregoing minutes of special meeting of Directors of The Trans-Lux Company held at the time and place therein stated, and that the same are full, true and correct in every respect.

Signed.

John F R Troeger

Dated Jan. 22nd, 1920.

Signed.

H. H. Meyers

Signed.

Ernest H. Troeger

(Testimony of Ernest A. Troeger.)

Mr. Hile: Briefly, this exhibit 101 recites the fact that H. H. Meyers was elected a director of the company to fill a vacancy, and he was also elected as Vice-President to fill a vacancy, and showing further matters that are not of any particular materiality at this time. [333]

Subsequent to that meeting Meyers acquired stock in the corporation and he was elected Vice President. I believe the amount he was to pay was \$7500. He gave notes to my father for the amount. I talked with defendant, Meyers, concerning the payment of the notes several times. The notes became due and were not paid. I asked him to pay them.

With reference to Government's 103 John F. R. Troeger was my father. The letter relates to the \$6000 note. It was not paid. (Plaintiff's 103, 104, 105 and 106, all being letter signed H. H. Meyers and addressed to John F. R. Troeger, were admitted in evidence and read to the Jury): [334]

(Testimony of Ernest A. Troeger.)

PLAINTIFF'S EXHIBIT 103

Lux Products Corporation
Executive Offices
50 East 42nd Street
Telephones Murray Hill 5023-4-5
Factory
251 Washington St.
Brooklyn, New York

New York

July 7, 1920

Mr. John F. R. Troeger,
251 Washington St.,
Brooklyn, N. Y.

Dear Mr. Troeger:

Enclosed you will find my check for Fifteen Hundred (\$1500.00) Dollars also a new note for Six Thousand (\$6000.00) Dollars.

As per our understanding I am giving you this note for thirty days but if I am not in position to meet same at that time I am to have a thirty day extension. I want you to fully understand that I appreciate your position and I am always doing my best to make our business a mutual consideration. In other words, I am always willing to do the best I can for us.

Kindly return the old note to Mr. Aery.

I hope to be able to meet this obligation before it is due.

Yours sincerely,

H. H. MEYERS

HHM—MB

Encl. [334-a]

(Testimony of Ernest A. Troeger.)

PLAINTIFF'S EXHIBIT 104

(Heading same as No. 103)

September 7, 1920

Mr. John F. R. Troeger,
251 Washington Street,
Brooklyn, New York.

My dear Troeger:

It is absolutely impossible for me to do anything with your note this month, as I am not able to get any action in my affairs at all. I do not need to go into any explanation but I will have to wait until I am able to make a real positive statement to my people with whom I am putting in this deal. I will enclose you another note for thirty days also a check for the interest. If there was any way I could get this matter settled I should certainly do so but you must appreciate my position.

Trusting this will be satisfactory, I remain

Yours very truly,

H. H. MEYERS

HHM—MB

Encl. [334-b]

(Testimony of Ernest A. Troeger.)

PLAINTIFF'S EXHIBIT No. 105

(Heading same as No. 103)

October 6, 1920

Mr. John F. R. Troeger,
251 Washington St.,
Brooklyn, N. Y.

My dear Mr. Troeger:

Re—the note due tomorrow.

I told Mr. Mooney to speak to you about this as it is absolutely impossible for me to do anything on liquidating this note at the present time. There is no-one who is better posted as to the existing conditions than you are, as this exploiting we have been going through has been the cause of all this delay. I am not trying to make any apologies to you but I have secured money and assistance for you to perfect your proposition and I expect you to wait until things can make a turn so that we may have a commercial enterprise.

I will send you a check for the interest and you will have to renew this note for a matter of thirty or sixty days until things are in shape so that I can ask my associates for further capital. If you want to talk to me about this call me up and I will see you at any time it is convenient.

Very truly yours,

H. H. MEYERS

HHM-MB [334-c]

(Testimony of Ernest A. Troeger.)

PLAINTIFF'S EXHIBIT No. 106

(Heading same as No. 103)

November 9, 1920

Mr. John F. R. Troeger,
251 Washington St.,
Brooklyn, N. Y.

My dear Mr. Troeger:

It will be necessary for you to renew that note for at least sixty days. Under present conditions there is no chance of raising any money and I do not believe I will be able until we have our installation installed in the factory, so I can prove to my friends that there is no doubt as to the commercial value of our proposition before they put up any money.

I will send you a check for the interest, and if you will give the note to Mr. Aery he will give you a new note immediately. I am sure you realize the present state of affairs so there is no use going into any lengthy discussion.

Hoping this meets with your approval, I remain,

Very truly yours,

H. H. MEYERS

HHM-MB [334-d]

Exhibit 107, for identification, relates to the notes. Said exhibit was offered but rejected as hearsay.

None of the notes were paid and I had a con-

(Testimony of Ernest A. Troeger.)

versation with Meyers, which was twenty years ago, in which I asked him to pay them, but he did not. He said he couldn't get the money from his associates to pay them. I had understood he was to be the principal man with the money, but it turned out he had associates whom he was bringing in. He was a promoter and not a financier.

There were two other corporations set up, one the Lux Products, which was to be the selling side, and the American Lux Products, to be the holding company. The Translux Company was the original company. We had nothing to do with the other two companies, the Lux Products and the American Lux Products, and I do not know who held the stock in them. My father originally controlled the stock in the Translux Company, and the control passed from him to Meyers, Meyers giving the notes in payment of the stock. After control passed to Meyers my father was not get the money on the notes and to be given a position in an advisory capacity for two years at \$36000.00 a year, and the position was given to him.

But Meyers promised to take care of Dad. He said: "Don't worry about anything. I will run this business. We will build a big business and we will make plenty of money. I have got my associates all lined up now, and we are about ready to get the money, and as soon as I get them in line, I will get plenty of money for all of us, and there is lots of money to be made." On the strength of that, Dad

(Testimony of Ernest A. Troeger.)

went along with him and would sign anything he gave him. [334-e]

Q. Mr. Troeger, I think when we left off we were speaking about what, if anything the defendant Meyers said to your father in your presence, relative to employment. Was there such a conversation? A. Yes.

Q. Do you recall when this was?

A. At the time that contract was signed, about employment, and previous to that and thereafter.

Q. Have you refreshed your recollection by that contract, plaintiff's exhibit—— A. Yes, sir.

Q. What is the number in red up at the top there? A. 108.

Q. And what about the dates of the conversations, as you have them in mind?

A. Well, he made this contract, and told Dad——

Mr. Simon: Well now, just a minute; that is not responsive to the question, if the Court please. You asked him, as I understand it, counsel, what was the date of the conversation with reference to the date of this contract.

Mr. Hile: No, I didn't. I asked him what the dates of the conversations were, and to refresh his recollection by the contract.

A. He promised Dad that he would——

Mr. Simon: I object. That is not responsive to the question.

The Court: What date was that?

A. January 22, 1920.

(Testimony of Ernest A. Troeger.)

Q. (By Mr. Hile): What, if anything, did Dr. Meyers say to your father relative to employment?

Mr. Simon: If the Court please, if this is conversations in the course of the preparation of this contract, then I think the conversation is incompetent under [335] the parole evidence rule.

Mr. Hile: The parole evidence rule has nothing to do with this situation. We are not trying to prove this contract from a legal standpoint.

The Court: The Court fully understands the contract involved.

Mr. Simon: My point, your Honor, is if the negotiations about employment are material, then it seems to me the best evidence and the only proper evidence, unless there is some contention that the contract was fraudulent, is the contract itself. And in view of your Honor's ruling yesterday, when such a contract was fully carried out and there was no complaint about it, it would be immaterial and I think the preliminary conversations must likewise fall into the same category.

The Court: No action is being maintained on the contract. There is no purpose in citing the contract with the object of enforcing its terms or provisions. I don't know just exactly what the purpose of this testimony is.

Mr. Simon: It seems to me obvious. I made no objection about this, but after all this is a matter that is fairly remote, having occurred in 1919, and I think it is immaterial, and I object to it upon the ground.

(Testimony of Ernest A. Troeger.)

Mr. Hile: I can state the purpose, if your Honor please.

The Court: Similar conduct and acts, for the purpose of establishing intent in this case?

Mr. Hile: Yes, that is one of the aspects of the whole situation.

Mr. Simon: I object ot it as being too remote, if that is the purpose.

Mr. Hile: I can either tell you or write out what the purpose of this particular question is.

[336]

The Court: You may go ahead and state it. The jury will be instructed to disregard it.

Mr. Simon: I object to the statement in the presence of the jury.

The Court: Proceed.

Mr. Hile: The purpose is to show that the defendant Meyers promised this witness' father employment for his lifetime; that this contract for two years was entered into thereafter by the exhibit which I have offered; that his contract was terminated and that he was not thereafter employed, as a part of this whole transaction.

The Court: I don't think that relates to this transaction or to the issues in the present case.

Mr. Hile: Well, it goes to show what relation the defendant Meyers had to the Translux Corporation, with reference to the notes and transactions as a whole, your Honor.

And I propose further to show by contract which I have and will offer, that the defendant's father—

(Testimony of Ernest A. Troeger.)

I mean the witness' father, was ultimately put out of the picture.

Mr. Simon: I object to the statement and I object to all of the evidence with reference to it upon the ground that it is wholly irrelevant and immaterial and that the statement of counsel is made wholly for the purpose of trying to get before the jury something that is not proper in evidence.

The Court: Well, there is no basis for your statement, because the counsel is proceeding upon the instructions of the Court. The jury is instructed to disregard it.

Mr. Simon: Exception.

The Court: The only concern of the Court is as to whether or not this matter is too remote for the purpose of proving intent in this case. [337]

Mr. Hile: Then this contract to which I have referred, I will hand it to your Honor. It bears, I think, upon other issues in the case, as to what the occupation of the defendant was in reference to being a financier at this time.

The Court: Can the witness inform the Court as to when these matters came to an end?

A. In 1923.

The Court: The contract bears date 1923?

A. That is right. That is when the whole thing terminated. That was the final settlement.

The Court: The objection will be overruled. This line of evidence will be admitted with limitations. The jury is instructed, of course, that it is admitted not to prove any issue in this case, other

(Testimony of Ernest A. Troeger.)

than the bearing it might have, if any, upon the element of intent, which is an important element in this case. An exception allowed.

Q. (By Mr. Hile): Going back to my question, Mr. Troeger, it was: What, if any, conversations were had by the defendant Meyers in your presence, either with yourself or with your father, or both, concerning employment?

A. Dad was to be employed——

Mr. Simon: Just a minute; I will object to that for the reason and upon the ground that these conversations apparently antedated a written contract, and the written contract was signed and reduced to writing. There isn't any claim that I have heard yet that there was any fraud; that the man who signed the contract did not understand its terms and ocnditions.

As I understand it, even in a civil case, under those circumstances, the contract which was excluded yesterday is immaterial, fixes the term of the employment. Under [338] those circumstances I don't believe that this witness, nor even the man who signed this contract, can say that he was told that the terms of the contract were to be something other than the solemn, written instrument of the parties at the time. And I object to it as incompetent.

The Court: The objection will be overruled and exception is allowed. Proceed.

A. The conversation was along the line,—Dad at that time was 70 years old, and he told him, he

(Testimony of Ernest A. Troeger.)

says, "Don't worry about a thing. You will always have a job. You will never need to worry about anything. Just leave everything to me. Do this the way I want to go through with it, and you will always have plenty of money, and there will be nothing for you to worry about."

Q. (By Mr. Hile): With reference to this agreement, 108 for identification, what is that, if you know?

A. This is a contract for employment for a period of two years.

Q. Do you recognize the signature thereon?

A. Yes, sir. It is signed "Translux Company, Incorporated, by H. Harry Meyers, Vice-President."

The Court: The question was: Do you recognize it? A. Oh, yes.

Q. (By Mr. Hile): Do you recognize the other signature thereon?

A. Oh, yes; that is my father's signature.

Q. Handing you what is marked Government's 109 for identification, I will ask you what that is, if you know?

You might, if you wish, just state its relation to 109, the contract.

A. This is a letter terminating,—not renewing the contract. In other words,—

Q. Can you recognize the signature on it? [339]

A. That is Meyer's signature.

Mr. Hile: I offer 108 and 109 if the Court please.

(Testimony of Ernest A. Troeger.)

Q. I will ask you: Was your father ever re-employed in connection with these companies?

A. No, he was not.

Mr. Simon: I object to these exhibits as incompetent, irrelevant and immaterial, and incompetent for any purpose in this cause.

The Court: Is that all of your direct examination?

Mr. Hile: No, your Honor. I have one more document.

Mr. Simon: I object to 108 and 109 for the reason that at this time in this proceeding they are entirely irrelevant and immaterial; not material to any issue in this case, there being no allegation—

The Court: The objection will be overruled.

Mr. Simon: And they are incompetent and hearsay.

The Court: Exception allowed.

Q. (By Mr. Hile): And calling your attention to Government's 110, I will ask you to examine that and state whether or not you recognize any of the signatures on that instrument?

A. Yes, sir. That is my father's. Percy N. Furber, Vice-President of the American Lux Products Corporation; Translux Corporation, Incorporated, H. Harry Meyers, Vice-President.

Q. Do you recognize those signatures?

A. I do.

Mr. Hile: I understand Government's 108 and 109 were admitted?

The Court: Yes.

(Testimony of Ernest A. Troeger.)

Contract admitted in evidence and marked plaintiff's exhibit 108. Letter admitted in evidence and marked plaintiff's exhibit 109.)

[340]

PLAINTIFF'S EXHIBIT No. 108

Agreement made and entered into this 22d day of January, 1920, by and between Trans-Lux Company, Inc. a new York corporation, party of the first part, and John F. R. Troeger, party of the second part.

Witnesseth:

In consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The party of the first part hereby engages the services of the party of the second part to act as technical adviser in said business and to perform such other services as he may be called upon by the party of the first part to render and the said party of the second part hereby accepts such employment and agrees to perform said services to the satisfaction of the party of the first part.

As compensation for the services so to be satisfactorily performed as aforesaid, the party of the second part shall receive a salary at the rate of Three Thousand Six Hundred (\$3,600.) Dollars per annum payable in equal monthly installments.

This agreement is to commence on the first day of February, 1920, and to end on the 31st day of January, 1922.

(Testimony of Ernest A. Troeger.)

In Witness Whereof the party of the first part has caused these presents to be signed by its..... and its corporate seal to be hereto affixed, and the party of the second part has hereunto set his hand and seal the day and year first above written.

JOHN F. R. TROEGER

[Circled]: L. S.

TRANS-LUX COMPANY, INC.

By H. HARRY MEYERS

V. P.

State of New York

County of New York—ss.

On this 22d day of January, 1920, before me personally came H. Harry Meyers to me known, who, being by me duly sworn, did depose and say, that he resides in the City of New York, that he is the Vice President of Trans-Lux Company, Inc. the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation, that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

[Seal]

A. P. MULCAHY

Notary Public, New York County No. 206. Register No. 10220.

My commission expires March 30, 1920.

(Testimony of Ernest A. Troeger.)

State of New York

County of New York—ss.

On this 22d day of January, 1920, before me personally came and appeared John F. R. Troeger, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

[Seal]

A. P. MULCAHY

Notary Public, New York County No. 206. Register No. 10220.

My commission expires March 30, 1920.

[Endorsed]: Filed Oct. 23, 1942.

PLAINTIFF'S EXHIBIT 109 ..

American Lux Products Corporation
Executive Offices

50 East 42nd Street

Telephones Murray Hill 5023-4-5

Factory

251 Washington St.

Brooklyn, New York

New York

January 24, 1922

Mr. John F. R. Troeger,
253 Washington St.,
Brooklyn, N. Y.

Dear Sir:

At a meeting of the Board of Directors of the American Lux Products Corporation this day, it

(Testimony of Ernest A. Troeger.)

has been decided that your contract, ending the 31st of this month, will not be renewed, due to the fact that we have to conserve in order to go on with our work and we find it necessary totake this action.

Very truly yours,

AMERICAN LUX PRODUCTS
CORPORATION

H. H. MEYERS

President

HHM—MB [340-a]

* * * * *

Q. (By Mr. Hile): You say you had never had one with one with him?

A. I had one with him.

Q. And what was that conversation?

A. It developed that——

Mr. Simon: I object to this line of testimony, if the Court please.

The Court: The Court has indicated its position on the matter, but of course it doesn't mean that we are going to try out the difficulties that arose in that past period of time.

Mr. Hile: No, your Honor, I am not going into that phase of it.

* * * * *

Q. And did you have any conversations with the defendant Meyers relative to the formation of other corporations, that is corporations other than the original company? A. Yes.

Mr. Simon: I object to that as irrelevant and immaterial.

(Testimony of Ernest A. Troeger.)

The Court: Overruled.

Mr. Simon: Exception.

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Q. And with reference to the exhibits here bearing upon the collection of the notes, that is 103, 104, 105 and 106, I will ask you what, if anything, you did in connection with the collection of the notes referred to in those letters?

A. I went to the bank and tried to get them to discount them.

Mr. Simon: Now, I object to that and move that the answer be stricken, your Honor. We are certainly not bound by the activity of this man with third persons. [341]

The Court: The objection will be overruled and motion denied.

Mr. Simon: Exception.

Q. (By Mr. Hile): Were you successful or not?

Mr. Simon: I object to that as irrelevant and immaterial.

Mr. Simon: Exception.

Q. (By Mr. Hile): Were you successful or not?

Mr. Simon: I object to that as irrelevant and immaterial.

The Court: Overruled.

A. The bank wouldn't discount this note without an endorser.

Mr. Simon: I move that that last portion of the answer be stricken as hearsay, incompetent for any purpose, and I ask that the jury be instructed——

(Testimony of Ernest A. Troeger.)

The Court: Motion denied. Exception allowed.
Let's proceed.

Q. (By Mr. Hile): Mr. Troeger, did you have occasion after you entered into this,—I mean after this final settlement agreement 110, to talk to the defendant Meyers? A. Yes, in later years.

Q. When?

A. Oh, probably ten years later than that, in 1932 I believe it was.

Q. 1932? A. 1932. Somewhere in 1932.

About ten years later, somewhere about 1932, I had a conversation relative to results of the corporations, and he said in the final settlement he nicked the Old Man, meaning Percy N. Furber, for \$100,000. He said "That is what he had to pay me to get rid of me." [342]

Cross Examination

By Mr. Simon:

The first promissory note for \$7500 was signed in Meyers' office, 50 East 42nd Street, (New York). I was present. This note was not paid by Meyers. It was ultimately paid in final settlement but not by Meyers.

Q. (By Mr. Simon): At any rate, you testified without qualification yesterday that the note had never been paid, didn't you?

A. That is right. I still say the same thing, not by Meyers. Meyers didn't have the money to pay it.

Q. That is what you think?

A. That is what he told me.

(Testimony of Ernest A. Troeger.)

I did not take any legal proceedings to try to collect the note, but I threatened to and have letters that were written to him. At that time Meyers maintained a large suite of offices at 50 East 42nd. He also lived at the hotel at 72nd and Broadway. I do not recall the name.

At the time he approached my father the invention was not perfected, that is true. The purpose of his coming into the enterprise was to arrange the finance.

The idea of my father was to make a screen for moving pictures, still pictures and anything that could be projected in theaters, in schools and other place for educational purposes. It was a screen for either motion or sterioptican pictures in a theater, or auditorium without darkening the room in daylight. The Translux device was a translucent screen with projection from behind. There were some difficulties to overcome and the development of the invention cost a lot of money. A man named Granville Moody was brought in and worked on the screen and ultimately the screens were installed in two large theaters in New York. [343]

It is true that somebody other than my father actually hit upon what proved to be the commercial success of the Translux; that is, the employment for these moving picture tapes and news dispatches. When that was ultimately worked out it became a successful commercial proposition.

Before going to Mr. Meyers my father was in the composition flooring business which was his in-

(Testimony of Ernest A. Troeger.)

vention. He had an organization. If we had plenty of jobs we had fifteen or twenty men, sometimes fifty men and sometimes only five or six. It was a family company. My father was proprietor. It was not incorporated, but doing business under the name of "Troeger Sons Company".

Plaintiff's Exhibit 108, I am pretty sure was executed in Meyers' office. My father had no legal advice. I do not know of any firm of lawyers known as Pascus, Rose & Pascus. My father and I executed all of these engagements without legal advice. That is true. My father had been in business a good many years. He was a small business man, had made some money and lost some and I was associated with him since I was about sixteen years old. I was born in 1887.

We talked about Exhibit 108 before it was executed. The terms were discussed. Meyers told my father that he would be employed for life. He would see to it. He said, "I will take care of you. Don't worry. You never need to worry about a thing. I will see that you have a job for life and will always be taken care of." That was both before and after the contract. I read the contract and my father read it before it was signed. I objected to the wording of it.

Q. You didn't raise any objection to the fact this contract provided that the agreement should cease on the 31st day of January, 1922? [344]

A. I did not.

Q. And despite your objection, despite the language of this contract, which you perfectly under-

(Testimony of Ernest A. Troeger.)

stood and your father understood, your father signed this contract and acknowledged it before a Notary Public? A. That is true.

Q. And at the time he signed it, he knew that it contained those provisions about agreeing to perform the services to the satisfaction of the first party, and also that the employment was to terminate on the 31st day of January, 1922?

A. Yes, that is true.

Mr. Simon: I renew my motion to strike the testimony with reference to these oral conversations.

The Court: The motion will be denied and exception allowed.

Q. (By Mr. Simon): Was there ever any complaint, any controversy between your father and Meyers along the line of the objections you pointed out, say, at the time that the contract was signed? You say that your father's duties might not be consistent with your idea of his dignity. Did that question arise?

A. It arose when I was there, yes, and I pointed it out to Dad, but Meyers had his confidence, and over my head he went with Meyers. He told me Meyers was all right, "Don't worry; he will take care of me, and this contract is all right" and he signed it. I opposed it.

Q. I don't think you quite understand my question, Mr. Troeger. What I mean is, in the period of your father's employment which was provided for in this contract, which is plaintiff's exhibit 108, did disputes arise between your [345] father and

(Testimony of Ernest A. Troeger.)

Mr. Meyers over the character of the services which Dr. Meyers wanted your father to perform, and which your father thought he ought to be required to perform under the contract?

A. I see what you are getting at. Yes, that did occur.

Q. In other words, at the time this contract was discussed you pointed out what actually did happen later, that there were occasions where the company asked your father to perform services in connection with the development of this patent which he didn't feel was in keeping with what he ought to be asked to do?

A. No. It didn't come about in that way. There was no friction with Meyers: none with him nor one with the company. It was Mooney, whom he put in there that he had friction with. And that was just friction between two men. One wanted to do it his way, and the other wanted to do it his way, and they couldn't agree on it.

Q. And Mooney was the man that worked out the commercially successful application of this idea, and your father couldn't get along with him?

A. He was not, Mooney never worked anything out. Mooney had a nervous break-down, and sat in the office shaking his head all day. Meyers knows that too.

It was not Mooney but Percy Ferber (Called the "Financier" in Ex. 110), who developed the commercial adaptation of my father's invention.

I didn't like Mooney. I don't say my father

(Testimony of Ernest A. Troeger.)

did not like him. Father was a trusting old soul that liked everybody. He got along with Mooney. I did not like the whole set-up from the beginning, but I distrusted him after he made the first contract. [346]

They first had my name in the final contract, Exhibit 110, but I refused to sign it. I started a business in opposition to them and they gave me \$25,000 to get out, so I did very well for myself.

PLAINTIFF'S EXHIBIT 110

Settlement Agreement

Between

JOHN F. R. TROEGER, H. HARRY MEYERS,
AMERICAN LUX PRODUCTS CORPORATION,
TRANS-LUX COMPANY and
PERCY N. FURBER.

Dated, January 23, 1923.

Memorandum of agreement made this 23rd day of January, 1923, by and between John F. R. Troeger of the Town of Bayshore, County of Suffolk and State of New York, party of the first part, hereinafter called the "Inventor", H. Harry Meyers of the City and State of New York, party of the second part, hereinafter called the "Promoter", the American Lux Products Corporation, a corporation organized under the laws of the State of Delaware, party of the third part, hereinafter called the "Company", the Trans-Lux Company, a corporation organized under the laws of the State

(Testimony of Ernest A. Troeger.)

of New York, party of the fourth part, hereinafter called the "Owner", and Percy N. Furber, of the City, County and State of New York, party of the fifth part, hereinafter called the "Financier".

Witnesseth: Whereas, on the 15th day of April, 1919, a certain agreement was entered into by and between the said Inventor, the said Owner, the said Promoter and one Ernest A. Troeger, by and under the terms of which the said Inventor appointed the said Promoter agent for the said Owner, of which company the said Inventor was at that time in control; And Whereas, on the 22nd day of January, 1920, a certain agreement was entered into by and between the said Owner and the said Inventor by and under the terms of which the said Inventor was employed by said Owner to perform certain services; And Whereas, the said Inventor has assigned to the said Promoter all of the foreign patents and/or patent applications for Screen known as the "Trans-Lux Screen", and the foreign rights to the Optical Illusion patent application; And Whereas, by and under the terms of a certain agreement evidenced by letter dated the 22nd day of January, 1920, addressed to the said Inventor by the said Promoter, the said Inventor was to be entitled to a further payment of Ten Thousand (\$10,000.00) Dollars out of any moneys the said Promoter might receive from the sale of said foreign rights hereinabove mentioned; And Whereas, divers differences and disputes have arisen among all of the parties hereto concerning

(Testimony of Ernest A. Troeger.)

the rights and obligations of the various parties; And Whereas, it is the wish and desire of the parties hereto to make a final settlement and adjustment of the same in this agreement and to release each other from any and all claims arising out of any of said agreements to which the said Inventor is a party; And Whereas, the said Financier has agreed to pay to the said Inventor certain moneys in liquidation of all of said indebtedness, and has further caused to be issued to the said Inventor Fifteen Hundred (1500) Shares of the Common Stock of the said Company,—

Now, therefore, in consideration of the premises and of the mutual releases herein contained and for the purpose of settling and disposing of any and all questions that have arisen herein, and in further consideration of the sum of One Dollar to each of the parties in hand paid by each of the parties hereto, and other valuable considerations, the receipt of which are hereby jointly and severally acknowledged, it is mutually covenanted and agreed by and between each of the parties hereto with each other as follows:—

1. The said Promoter and the said Owner hereby release the said Inventor from any and all claims of whatsoever nature and description arising out of any of the agreements or transactions herein set forth, and more particularly against any claim against the said Inventor from the said Company or the said Owner arising out of any moneys received by the said Inventor by way of rent for the

(Testimony of Ernest A. Troeger.)

occupation of any part of the premises at No. 251 Washington Street, in the Borough of Brooklyn, County of Kings, City and State of New York.

2. The said Company, the said Owner and the said Promoter hereby jointly and severally release the said Inventor from any and all claims of whatsoever kind, nature or description arising out of any of the transactions between any of the parties referred to herein.

3. The said Inventor hereby releases the said Promoter, the said Company, the said Owner and the said Financier from any and all claims of any kind nature or description arising from and out of any of the agreements and understandings herein specifically referred to and set forth, and under any and all other understandings that may have existed, to which no specific reference is made herein, relative to any of the affairs of the said Company, the said Promoter or the said Owner.

4. The said Inventor specifically waives any and all claims against all or any of the remaining parties hereto arising out of any of the transactions referred to herein.

5. The said Inventor hereby acknowledges that he is indebted to the said Financier to the amount of Three Hundred (\$300.00) Dollars, and agrees to accept in full payment, accord and satisfaction of any and all claims arising out of any of the transactions herein referred to, the sum of Two Thousand Eight Hundred and Fifty-seven (\$2857.00) Dollars, which the said Financier hereby

(Testimony of Ernest A. Troeger.)

agrees to pay, the receipt of which the said Inventor hereby acknowledges, and the said Financier further acknowledges from the said Inventor the receipt of the sum of Three Hundred (\$300.00) Dollars referred to herein out of the said sum of Two Thousand Eight Hundred and Fifty-seven (\$2857.00) Dollars, and further hereby releases the said Inventor from any and all claims of whatsoever kind, nature and description he, the said Financier, has had against the said Inventor.

7. The said Inventor hereby acknowledges the receipt of the sum of Twenty-eight Hundred and Fifty-seven (\$2857.00) Dollars, less the Three Hundred (\$300.00) Dollars referred to and of certificates Nos. 31 and 32 for 500 and 1000 Shares respectively of the Common Stock of the said Company as a further and additional consideration for the signing and execution of this agreement.

This agreement shall bind and benefit respectively the heirs, executors, administrators and assigns of the individual parties hereto, and the successors and assigns of the corporate parties hereto.

In witness whereof, the corporate parties hereto have signed their names by their duly authorized officers and affixed their seal, attested by their secretaries, and the individual parties have caused

(Testimony of Ernest A. Troeger.)

this agreement to be signed and executed all as
of the day and year first hereinabove written.

JOHN F. R. TROEGER

In the presence of

ERNEST G. METCALFE

AMERICAN LUX PRODUCTS

By PERCY N. FURBER

V. President

ERNEST G. METCALFE

Attest:

E. J. HOLWAY [Seal]

Secretary

TRANS-LUX COMPANY, INC.

By H. HARRY MEYERS

Vice-President.

ERNEST G. METCALF

Attest:

E. J. HOLWAY [Seal]

Secretary

H. HARRY MEYERS

ERNEST G. METCALFE

PERCY N. FURBER

ERNEST G. METCALFE

[Endorsed]: Filed Oct. 23, 1942.

Re-Direct Examination

By Mr. Hile:

We started to work on the Translux device orig-
inally in 1915, then during the war it was dormant.

(Testimony of Ernest A. Troeger.)

I was away. After I came back in 1918 I ran into Meyers and it took from that time until 1925 or 1926 before there were any real returns coming. Meyers had severed his relations with the company before that time. [346-a]

Mr. Hile: I would like to offer, your Honor, at this time authenticated copies of 110-B, I think that is the first one of the income tax returns of the defendant Meyers for 1932; 110-C for the year 1933; 110-D for the year 1934; 110-E for the year 1935; 110-F for the year 1936; 110-G for the year 1937, 110-H for the year 1938; and 110-I for the year 1939.

The Court: Any objection?

Mr. Simon: I have a special objection to a couple of them, your Honor.

Mr. Hile: They are duly authenticated by the various departments, your Honor.

Mr. Simon: I object to them all, and to each and every one, your Honor, for the reason and upon the ground that they are not properly authenticated. And I want particularly to object to——

The Court: Is the authentication the same on every one of them?

Mr. Hile: Yes, it is. I wouldn't say it is identical, but in each case it is from the Chief Clerk of the Treasury Department.

The Court: The Court didn't have in mind whether different individuals were involved.

Mr. Hile: Oh, yes, it is the same.

(Testimony of Ernest A. Troeger.)

The Court: The objection on the ground of authentication will be overruled.

Mr. Simon: I wish, if your Honor please, to make a further objection to 10-G, 110-H and 110-I for the reason that—and upon the ground that these are returns which the defendant is under the law required to make, and that they were required to be made subsequent to the return of the indictment in this case, and that their reception in evidence [347] in this case would be in violation of the defendant's constitutional rights against self-incrimination, 4 and 5 and amendments to the constitution of the United States.

The Court: Overruled.

Mr. Simon: Exception.

The Court: Exception allowed. They will be admitted.

(Income tax returns for the years 1932 to 1938 inclusive and 1939 were admitted in evidence as plaintiff's exhibits 110-B, to 110-I inclusive.)

Mr. Simon: May it be understood that my objection, your Honor, goes to each of these separately?

The Court: Yes, it may be so understood and the record will so show.

Mr. Simon: Exception.

The Court: 110 all admitted.

Mr. Simon: May I add to the grounds of the objection to the last three, that the returns made for periods subsequent to the return of the indictment are immaterial, as pertaining to the issues?

(Testimony of Ernest A. Troeger.)

The Court: Yes. Those grounds will be considered by the Court. Exception allowed.

Summaries of the different reports read to the jury by Mr. Hile.

110-B, Income Tax Return for year 1932:

The question, "If you filed a return for 1931, to which collector's office was it sent?" not answered. Only income reported is from Strauss Engineering Corporation, \$49,000; expenses paid, \$31,758.81; income \$8,620; one-half reported by Mrs. Meyers.

[348]

110-C, for 1933:

From Strauss Engineering Corp., \$28,788.33; expenses, \$12,420.51; income, \$8,180.91. No other income.

110-D, for 1934:

From Strauss Engineering Corp., \$12,981.36; expenses \$7,365.03; income \$5,616.33; income from Liberty and Treasury bonds, \$240.00 on \$6,000 owned. No other income.

110-E, 1935:

From Strauss Engineering Corp., \$9,665.55; expenses \$4,640.41; income \$5,065.14. No other income reported.

110-F, for 1936:

Only income reported \$157.66 taxable on Government obligations; bonds owned \$11,000; interest \$289.04.

110-G, 1937:

Settlement with John A. Roebling, \$17,500; expenses \$19,185.02; no net income.

(Testimony of Ernest A. Troeger.)

110-H, 1938:

Income, none. Interest received on \$10,000 Government obligations, \$288.00; no other items reported.

110-I, 1939:

Settlement of Strauss suit, \$16,250.00; expenses claimed, \$17,849.57. No net. Interest on Government obligations, \$285.00.

Occupation each of said years, "Promoter" except for 1936, "Financier" and for 1939 "Retired."

[349]

H. R. MUNKRES,

Recalled, having been previously sworn, testified as follows:

Direct Examination

By Mr. Hile:

I have testified before in this case. I was employed by the four companies, Peoples Gas and Oil Company, Peoples Gas and Oil Development Company, Peoples Gas and Oil Corporation and Peoples Drillers. I kept the books of all those companies from the time they started. My employment began April 9, 1934 and continued until the time of the receivership on or about the 22nd of October, 1937. There were three months from July 26 or July 27, 1934 until sometime around the 20th of October of that same year when I was absent.

I received instructions in connection with the books from J. F. Simons and William Markowitz

(Testimony of H. R. Munkres.)

and occasionally from George Whittle. With respect to the Peoples Gas and Oil Company books I received the instructions from J. F. Simons, William Markowitz, George P. Whittle and occasionally from Mr. Emerson who was the office manager.

In the Peoples Gas and Oil Development Company I received instructions regarding the books from J. F. Simons, William Markowitz, George P. Whittle and E. W. Jorgenson after he came into the picture.

As to the books of the Peoples Drillers I received instructions from William Markowitz and George P. Whittle. I am not clear whether I took any instructions from J. F. Simons.

I have examined the exhibits marked for identification from 111 to 174 inclusive. They are in the court [350] room.

I have explained the setup of those books and records to Mr. Zimmerman and Mr. Rich, accountants of the Federal Bureau of Investigation. I have explained all the abbreviations appearing there and their significance, and all the other matters pertaining to the matter of keeping the books. These books and records are:

#111, Book of the Peoples Gas and Oil Corporation, including stock journal, stock ledger, general ledger, general journal and general ledger. Admitted.

#112, record of the Peoples Gas and Oil Development Company, including capital stock jour-

(Testimony of H. R. Munkres.)

nal and ledger, general journal and general ledger. Admitted.

#113, check register of the Development Company covering period from July, 1935 to October 22, 1937.

#114, also Development Company, containing stock journal voucher beginning July, 1935 through July, 1936. Identified.

#115, Continuation of journal vouchers of Development Company from October, 1936 through October, 1937. Identified.

#116, payroll records of Development Company for Donnie Boy No. 1. Identified.

#116-A, cash receipts of Development Company, October 16, 1936 through October, 1937. Identified.

#117, Peoples Drillers' general ledger.

#118, Peoples Drillers' check register, June, 1936 to June, 1937. Identified.

#119, Peoples Drillers' general vouchers. Identified.

#120, Peoples' Drillers' payroll records of Donnie Boy No. 1. Identified. [351]

#121, of Peoples Gas & Oil Company, cash receipts, check register, partial journal and partial sales register. Admitted in evidence.

#122, 5 checks payable to M. M. Black. Admitted.

#123, one check payable to M. M. Black. Admitted.

#124, 5 checks to Dr. B. Blank. Admitted.

#125, two checks to B. Blank. Admitted.

(Testimony of H. R. Munkres.)

#126, check register, April, 1936 to December 1936 and cash receipts from December, 1934 to October, 15, 1936. Identified.

#127. Check register January, 1937 to October, 1937. Identified.

#128. Cash receipts November, 1936 to October, 1937 and check register from September to October, 1936. Identified.

#129, journal vouchers, December, 1934 through March, 1936. Identified.

#130, journal vouchers, April, 1936 through October, 1937. Identified.

#131. Lease sales register. Identified.

#132. General ledger, stock journal, stock ledger. Admitted.

#133, accounts receivable, subsidiary ledger. Identified.

#134. Sales and commission ledger. Identified.

#135. Commission ledger sheet of Fisher and Markowitz. Identified.

#136, Commission account of William Markowitz, marked "Over-writing".

#137. Commission account of Sam Markowitz. Identified.

#138. Commission account of S. Markowitz. Identified. [352]

#139, Commission account of Fisher and Markowitz. Identified.

#140, Commission account of Markowitz and Stowell. Identified.

#141. Commission account of Markowitz and Tobe. Identified.

(Testimony of H. R. Munkres.)

#142. Commission Account of M. Robbins. Identified.

#143. Commission account of J. F. Simons and S. Markowitz. Identified.

#144. Commission account of M. F. Simons. Identified.

#145. Bundle of commission accounts of various salesmen. Identified.

#146. Another bundle of commission accounts of various salesmen. Identified.

#147. Group of balance sheets and work papers. Identified.

#148. Brown binder containing work sheets, April, 1935 to March, 1936. Identified.

#149. Black binder containing work sheets, April to December, 1936. Identified.

#150. Plat book. Identified.

#151. Register of leases sold. Identified.

#152. Register of leases sold. Identified.

#153. Three checks in the total sum of \$38,-233.48. Admitted.

#154. Five checks to J. F. Simons. Admitted.

#155. Three checks to S. Markowitz. Admitted.

#156. One check to Peoples Gas and Oil Company. Admitted.

#157. Group of four checks to Atkins Corporation, [353] Lou Roth, and Dr. Louis Einzig. Admitted.

#158. One check to Lou Roth. Admitted.

#159. Two checks to S. Markowitz. Admitted.

(Testimony of H. R. Munkres.)

#160. Deposit ticket dated July 1, 1936. Admitted.

#161. 16 Checks to W. Markowitz. Admitted.

#162. 7 checks to W. Markowitz, the last being photostatic copies. Admitted.

#163. 6 checks to J. F. Simons, the last two photostats admitted.

#164. 6 checks to Louis W. Einzig. Admitted.

#165. 6 checks to Lou Roth. Admitted.

#166. 1 check to W. Markowitz. Admitted.

#167. 1 check to William Markowitz. Admitted.

#168. 1 check payable to cash for \$60,000.00. Admitted.

#169. Bank statement and cancelled checks from Union Bank and Trust Company. Admitted.

#170. 1 check to J. F. Simons. Admitted.

#171. Brown binder containing records of participations. Identified.

#172. Deposit ticket, bank statements, cancelled checks, check books, check registers, 1 check payable to William Markowitz and one to William A. Broome, and other records relating to accounts in Banks at Spokane, Tacoma, Yakima, Vancouver and Aberdeen, Washington, as shown in further detail in clerk's list of exhibits. Identified.

#173. Black binder, legal description. Identified.

#174. Black binder, ownership of leases. Identified. [354]

(Testimony of H. R. Munkres.)

The exhibits referred to as numbers 121 to 174 inclusive relate to the Peoples Gas and Oil Company. All of those records are in court.

Mr. Hile: We don't propose to introduce them. They are available, but we don't propose to introduce them all in evidence.

The Court: That is agreeable, is it?

Mr. Simon: Yes, your Honor. Counsel and I have agreed upon this procedure to save time on it and speed it up.

The Peoples Gas and Oil Corporation never had a bank account to my knowledge.

The Development Company had no bank account at the time that books were set up. They did open one about July, 1935.

Peoples Gas and Oil Company first set up a bank account in the Union Bank and Trust Company at Los Angeles, when the books were opened. That was opened with a deposit of \$20,000 and was carried under the name of the Atkins Corporation. There were no further deposits.

I cannot recall receiving any instructions from defendant, H. Harry Meyers, with reference to the books of the Peoples Gas and Oil Company. I cannot say that I was instructed by Markowitz and Simons not to tell him anything about the accounts of the Peoples Gas and Oil Company and the Peoples Gas and Oil Corporation. My instructions were not to tell anybody except Markowitz and Simons.

(Testimony of H. R. Munkres.)

Q. And you followed those instructions and never did give Dr. Meyers any information about the contents of the books of the Peoples Gas & Oil Company and the Peoples Gas & Oil Corporation?

A. No, I never gave him any information on those. [355]

Mr. Simon: On that basis, your Honor, I object to any inquiry with reference to the books and records of the Peoples Gas & Oil Company and the Peoples Gas & Oil Corporation for the reason and upon the ground that the defendant Meyers had no knowledge of them, and as to him they are irrelevant and immaterial and incompetent and hearsay.

The Court: The objection will be overruled.

Mr. Simon: Exception. And may it be understood that I have a running objection to all of this?

The Court: To all of this line of testimony, yes.

Mr. Simon: And my objection will be regarded as made, overruled, and an exception allowed?

The Court: That is right.

J. F. Simons drew checks on the Union Trust and Savings Company. That account was maintained there from April 17 to June 30, 1934.

Q. And with respect to that account in the Union Bank & Trust Company, did you have any conversation with any of the defendants relative to it?

A. Yes, I discussed it with Simons, J. F. Simons.

Q. Do you recall when that was?

(Testimony of H. R. Munkres.)

Mr. Simon: It may be understood, your Honor, my objection goes to this line of inquiry likewise, on the same grounds.

The Court: Yes.

A. Well, it would have been approximately the 17th,—the first would have been between the 9th and the 17th of April, I imagine. I think that the time would have been the 17th, when the books were set up.

Q. In 1934? A. In 1934.

Q. What did he tell you in connection with that account? [356]

A. He told me that they had deposited this money in that account in Los Angeles, and we were to set that up on the books as the company's bank account.

Q. Did you have any further conversation with him with respect to that account?

A. Yes, on various occasions.

Q. Well, do you recall about when these were with respect to what items went into it and the source of those items of that \$20,000.00?

A. Yes. At the same time or immediately after the first conversation on it, the question of where the money came from was discussed.

Q. What did he tell you with reference to that?

Mr. Simon: I object to that as hearsay and incompetent, irrelevant and immaterial.

The Court: Overruled.

Mr. Simon: Exception.

The Court: Exception allowed.

(Testimony of H. R. Munkres.)

A. Well, he told me how the notes were to be credited, who they were to be credited, to that made up the \$20,000.00.

Q. (By Mr. Hile): Do I understand he told you that the notes were to be issued to persons who furnished that money? A. That is right.

Q. What did he tell you about that, the amounts and the source of the \$20,000.00?

Mr. Simon: The same objection.

Q. (By Mr. Hile): As to who furnished the money?

Mr. Simon: The same objection.

The Court: The same ruling. And I think we can probably save time and save the length of the record by having the record show that the defendant objects to all of this character of testimony on the grounds and for the same reasons he has heretofore stated. [357]

Mr. Simon: My reason for reinterrupting, your Honor, I thought perhaps my stipulation would be deemed limited to books, rather than to conversations with reference to the books. If it is enlarged to include that, I am perfectly willing to let the record rest, on that ground.

The Court: Yes, to that extent, and you may have an exception, of course.

Q. (By Mr. Hile): What did Mr. Simons tell you with respect to the source, as to who was the source of the \$20,000.00?

A. He told me that the notes were to be issued, or had been or were to be issued in the amount of

(Testimony of H. R. Munkres.)

\$5,000.00 each to Lou Roth, B. Blank, H. Harry Meyers and the Atkins Corporation.

Q. And did he give you the notes?

A. I don't remember of having seen the notes.

Q. And in accordance therewith, you set up this record?

A. That is right.

Q. And in what account did you set up the notes, if you did so?

A. Notes payable.

Q. Handing you what is marked 132 and a page designated 132-A thereof for identification, I will ask you if that is the notes payable account that appears in the record at the present time? As of the close of business, that was on the record at the time of the receivership?

A. I think I am a little confused as to the question.

Q. Well, my question is that the account as it appears on the books, whether that is the account that appeared on the books at the time of the receivership? [358]

A. This is the account as it showed at the time of the receivership.

Q. Is that the original account which you originally set up in the books and records?

A. It is not.

Q. What did you do with the original account?

A. It was removed and destroyed.

Q. At whose instructions?

A. Mr. Whittle's.

(Testimony of H. R. Munkres.)

Q. And what difference was there in the original account and the account as it presently appears?

A. Well, I have already stated that there were four notes, B. Blank, Lew Roth, H. Harry Meyers and the Atkins Corporation; and this account calls for four notes, B. Blank, Lew Roth, M. M. Black and the Atkins Corporation.

Q. In other words, as I understand it, the destroyed account set up a note for \$5,000 for Blank, \$5,000 for Roth, \$5,000 for Meyers and \$5,000 for the Atkins Corporation?

A. That is right.

The difference between the present record and the one destroyed is that the name of H. Harry Meyers does not show on the present record. Instead there is the name of M. M. Black. The note for Meyers was taken off. The change was made in April of May, 1935. It was done at the same time as the changes in the minute books and the stock records of which I had previously testified.

I saw the Black note. It was in my possession and I handed it to J. F. Simons. As I recall it, it said at the bottom or on the back, "Pay to the Order of H. Harry Meyers", followed by the name M. M. Black. The note was paid. I received a memorandum from William Markowitz instructing me to pay the note. [359]

Q. Do you know what happened to the memorandum?

A. I don't.

Q. Have you seen it since that time, this written memorandum?

(Testimony of H. R. Munkres.)

A. Not that I recall, since approximately that time.

Q. And what were the instructions with reference to the payment of that note?

A. The instructions were to draw a check to M. M. Black and in parenthesis after the "M. M. Black" was "Dr. Meyers" or some such notation.

Q. And did you draw those checks?

A. I did.

The Black note shown in plaintiff's exhibit 121-A, page 154 is in my handwriting.

A. Well, the particular entry is a check for \$5,617.18 marked No. 5646, dated July 6, 1935, M. M. Black, Meyers' note; note 4184 plus \$1,000.00, interest to July 10, \$366.10, plus \$67.08 on the thousand dollar note.

Q. And with reference to the notation there, "Meyers' note", how did you happen to make that entry?

A. Well, simply taking it from the memorandum that was furnished me on which to draw the check.

Q. Handling you what is marked Government's 122—

Mr. Hile: I would like, before I proceed with this other question, your Honor, I would like to offer this particular page. I don't see any sense of putting the whole thing in.

The Court: Not unless there was other parts in the record you will need later.

(Testimony of H. R. Munkres.)

Mr. Simon: Subject to the general objection, your Honor, I will consent to the reading into the record the line that the witness referred to [360]

The first check in palintiff's exhibit 122 is the check to which I just read the entry. It was issued pursuant to the memorandum.

Mr. Hile: Very well. Reading the check to which reference has been made, the first check in 122 for identification, it is: Peoples Gas & Oil Company, Seattle, Washington, July 16, 1935, Peoples Gas & Oil Company, payable to M. M. Black, \$5,617.18, Peoples Gas & Oil Company, J. F. Simons. Up here it says, "Note 4184, interest to 2-10-35 \$366.10, note \$5,000, interest to 7-10-'35, total \$5,617.18," and endorsement "M. M. Black."

Mr. Simon: The payee is M. M. Black.

Mr. Hile: M. M. Black.

With reference to exhibit 112-A, that is Notes Receivable of the Peoples Gas and Oil Development Company. That is notes for the money due the Development Company. I made the entries. That account was placed in the books about April or May, 1935. Prior to that time no such account existed in the books of the Development Company.

112-B is an account captioned "Dr. H. H. Meyers". It represented note payable to Dr. H. H. Meyers by the Peoples Gas and Oil Development Company. I made the entries reflected on that page, in April or May, 1935. Prior to that time there had been no such account in the books of the Development Company. Both 112-A and 112-B

(Testimony of H. R. Munkres.)

were made up on instructions of George P. Whittle. I had a conversation with Whittle before making them up. J. F. Simons told me to give Whittle the records and all assistance. When the matter of inserting these and making up the new stock books was brought up I inquired of Mr. Simons and he told me that whatever Mr. Whittle said to have done was to be done. [361]

112-C is the journal of the Peoples Gas and Oil Development Company, the two accounts we have just discussed. The journal has an entry relative to the \$65,000 note. These entries were inserted in the book in April or May, 1935 pursuant to the instructions I have mentioned. That refers to two \$65,000 notes. One payable by the Peoples Gas and Oil Corporation to the Development Company and one by the Development Company to Dr. Meyers.

The minutes of April 27, 1934 in plaintiff's exhibit 13 refer to the note payable to Dr. H. Harry Meyers from the Peoples Gas and Oil Development Company. These are the minutes to which I previously testified and were substituted for the original.

Mr. Hile: I might state from this page 67 in Government's exhibit 13 the note as it appears in these minutes is a \$65,000.00 promissory note dated April 26, 1934, and it was to Dr. Meyers from the Peoples Gas & Oil Development Company.

Exhibit 112-D is an account setting up the cost of the leases transferred to the Peoples Gas and

(Testimony of H. R. Munkres.)

Oil Corporation. I made those entries. They were made in May or April, 1935. Prior to that time there had been no such entry. Nothing in the books reflected any cost of the leases to the Development Company. Prior to April or May, 1935 there had been no reference in any of the books either of the corporation or the development company, or the company, to any such \$65,000 note, or indication that anyone had paid any \$65,000 for leases.

Government's exhibit 129, page marked 120-A is a journal entry of the Peoples Gas and Oil Company. I made those entries. It was done in April, 1935. That is the original. [362]

Government's Exhibit 112-A shows the \$65,000 of the Peoples Gas and Oil Corporation to the Development Company as dated April 30, 1934 and credits against the note payments made by the Peoples Gas and Oil Company in behalf of the Development Company for drilling and other expenses. That is the note given by the Peoples Gas and Oil Corporation for the leases. Prior to setting up these accounts in 1935 such payments by the Peoples Gas and Oil Company had been charged directly to the Development Company.

As to plaintiff's exhibit 112-B, general ledger account showing the item \$65,000 dated April 30, 1934, prior to making up this particular sheet in 1935 the \$65,000 item had never appeared on the books.

Q. Reading now from 112-C, April, 1934, Leases,—it says: "General and Date"; General, \$65,000,

(Testimony of H. R. Munkres.)

Date 30th, April, 1934, Leases, Dr. H. H. Meyers, \$65,000." Payment of this account contingent upon deduction of cash surplus from income on oil in commercial qualities. See Minutes."

Now, that "See Minutes" referred to the Minutes which we in turn have referred to here in 13?

A. That is right.

Q. And prior to putting this shet in the book in 1935 had any such item before occurred?

A. No sir.

Q. Now, reading 112-D, Peoples Gas & Oil Company Leases, Date, April 30, 1934, charges \$65,000; Credits, \$65,000.

What does that "Charges" and Credits" mean, Mr. Munkres?

A. I don't just remember how that is. I would have to just look at it again. Well, this account refers [363] to the setting up of the leases on the Development Company's books, and the transfer of them to the Peoples Gas & Oil Corporation, credit being as transferred.

Q. No such item reflecting such transfer had theretofore appeared on the books prior to 1935. Is that correct?

A. That is correct.

Government's 129-A, journal voucher, reflects the items due on March 31, 1935 on Peoples Gas and Oil Company's notes payable, including the four \$5,000 notes which I had previously covered. That account was not changed, but remains and is an entry actually made on March 31, 1935.

(Testimony of H. R. Munkres.)

I received instructions from Mr. Simons relative to payment of bills for the Development Company.

Q. And what did he tell you with reference to any checks you might draw or bills of the Development Company?

A. Mr. Simons called me into his office and told me that Mr. Broome and myself were to sign the checks for the Development Company and that all those checks were to come over his desk before they were released.

Q. Was any mention made of Dr. Meyers at that time?

A. No, I think not; no mention made of Dr. Meyers. Yet, he told me at that time that the reason for that was that Dr. Meyers wanted him or Markowitz to see all the transactions that went through.

Q. And after those instructions were received, what if anything was done and what procedure was followed with reference to checks drawn to pay the bills of the Peoples Gas & Oil Development Company?

A. All of the checks or practically all of them went over his desk or Mr. William Markowitz?

Q. And signed by yourself and Mr. Broome jointly? A. That is right.

Q. Prior to July of 1935 how were the bills of the Development Company paid?

A. By the Peoples Gas & Oil Company. [364]

Q. And on those books do you find entries show-

(Testimony of H. R. Munkres.)

ing the payments of those bills of the Development Company?

A. Well, the original entry of them showing the payment is on the books of the Peoples Gas & Oil Company.

Q. During the month of February, 1936, did you have occasion to discuss the increase of the Capital Stock of the Development Company with any of the defendants?

A. There was something that came up about it about that time. I talked to Mr. William Markowitz about it.

Q. And what if anything was said at that time?

A. Well, as I remember——

Mr. Simon: This may be understood to go in over our objection?

The Court: Yes, it is so understood.

Mr. Simon: As incompetent and hearsay.

——In February, 1936 I talked with William Markowitz relative to increasing the capital stock of the Development Company. I prepared a statement in that connection and give it to Mr. Robkins. He said something about conversion of leases into stock, but I do not recall the substance.

Government's 13, page 185, is a letter from the Treasury Department relative to \$4,725.00 for the stamp tax on the issuance of one million and eighty shares of non par stock. That was what was actually issued, but in February, I think, the plan

(Testimony of H. R. Munkres.)
was different. The Peoples Gas and Oil Company paid the transfer tax and that is reflected in the books and records of the company. Identification 115, page marked 113-A shows the payment of the \$4,725 stamp tax.

Government's 176 is an invoice from the Crescent Office Supply Company to the Peoples Gas and Oil Company covering the purchase of new stock certificates and covers. That relates to my testimony concerning changes in the records and the certificates and binders purchased at that time. [365]

Exhibit 176 admitted in evidence.

175 is a check of the Peoples Gas and Oil Company to Curtis Brothers, Inc. for skidding the rig at Donnie Boy No. 1 from one place to another. Exhibit 175 admitted in evidence.

Government's 132 is the general ledger and stock record of the Peoples Gas and Oil Company, Page B, the capital stock record of the company is in my handwriting. All of the entries thereon were made about April or the first of May, 1935 pursuant to the instructions from Mr. Whittle, which I have mentioned. There was no substitution of that page. That is the original entry as set up at that time. There was no such record prior to that time.

The page marked C is the stock ledger of the Peoples Gas and Oil Company. It reflects the holdings of the different stock holders. The entries were made in April, 1935 under the same instructions I have mentioned. Previously there had been no such record in the book.

(Testimony of H. R. Munkres.)

With reference to the changes in Government's Exhibit 17, the stock books of the Peoples Gas and Oil Company, those records were set up after this change in the stock. That is at the time when I received four stock certificates. I gave them to Mr. Whittle.

Government's 111 is a stock record and general ledger of the Peoples Gas and Oil Corporation. Pages therein refer to the \$65,000 note which we have mentioned. I marked them A, B, C, and D. 111-A is the first page of the journal in this record. It reflects the cost of leases—the Journal Entry setting up the cost of leases as \$65,000 and crediting Notes Payable. The note was payable to the Peoples Gas and Oil Development Company. There is a reference here “As per Minutes of 4-16-'34 of the Peoples Gas & Oil Corporation. That entry was set up on the books [366] in April or May, 1935. Prior to that time there had been no such entry. It was set up pursuant to the instructions I have related. Previously there had been nothing to show any cost or money paid by the corporation for leases.

There is some kind of a record in the case of the other companies. These entries with reference to the stock holdings were made in April or May, 1935, after the withdrawal of the stock certificates of the Peoples Gas and Oil Corporation and stock book.

A. In reference to this credit side of this \$65,000 entry, I have set that up in here as 111C. That is the note that was payable to the Peoples Gas & Oil Development Company on these two accounts and

(Testimony of H. R. Munkres.)

these two accounts, the Peoples Gas & Oil Development Company and the Peoples Gas & Oil Company were set up at that time.

Q. Have you marked this, sir?

A. Peoples Oil & Gas Development, 111D; Peoples Gas & Oil Company, 111E.

Q. Were all of these changes made at the same time you have referred to? A. That is right.

Q. And under the same conditions and instructions? A. That is right.

Q. Handing you what is marked as Government's 122, 123, 124 and 125, will you state whether or not those checks are photostats or records of the Peoples Gas & Oil Company, or of the companies you have mentioned, any one of them?

A. These are checks of the Peoples Gas & Oil Company.

Said exhibits offered and admitted in evidence over objections previously made. [367]

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SEP 1935

PAY TO THE ORDER OF

Wm. Black

REGISTERED \$3264 AND 0375

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Aug 31 1935

SEATTLE, WASH.,

\$3264.00

DOLLARS
PEOPLES GAS & OIL CO.

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[Signature]
VICE-PRESIDENT

VICE-PRESIDENT

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DECY.-TREAS.

through the Los Angeles Clearing House
ALL EXCHG ENDORSEMENTS ON

Pay to the order of **Seattle Clearing & Grading Co.**

ALL ENDS! **100% GUARANTEED**

ST. PETER'S CHURCH, SAN FRANCISCO

19-1 SEATTLE BRANCH 1954

' BY ENDORSEMENT THIS CHECK IS ACCEPTED
IN FULL PAYMENT OF THE FOLLOWING ACCT

DATE	AMOUNT
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PEOPLES GAS & OIL CO.
FOURTH & PIKE BUILDING

No. 330

SEAT
PAY TO THE ORDER OF

SEATTLE WASH

193

~~\$3464.00~~

The sum of \$32.69 and 0 cts

DOLLARS

~~PEOPLES GAS & OIL CO.~~

SEABOARD BRANCH 19.25

FIRST NATIONAL BANK.

SEATTLE, WASHINGTON

BY

BY

VICE-PRESIDENT

PRESIDENT

F.L.F.

IF INCORRECT PLEASE RETURN

WASH CHECK IMPRINTING CO., SEATTLE

pay to the order of any Bank or Banker or
to cash for Los Angeles Clearing House
100 ENCLOSURES GUARANTY ASSN.

OCT 10 1907

71335

THE UNIVERSITY OF CHICAGO

[illegible]



(Testimony of H. R. Munkres.)

Government's #169 is a statement of the Union Bank and Trust Company, Los Angeles addressed to the Atkins Corporation and covers the \$20,000 originally taken in on the Peoples Gas and Oil Company's books and some checks drawn against it in the course of the company's operations.

Mr. Simons told me that the Atkins Corporation was a company operated by him and Mr. Markowitz in Los Angeles. Exhibits 153 to 170 are all checks or photostats of the Peoples Gas and Oil Company. Said exhibits offered in evidence and admitted over objection.

1. The first

2. The second

3. The third

4. The fourth

5. The fifth

6. The sixth

7. The seventh

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9. The ninth

10. The tenth

11. The eleventh

12. The twelfth

NO. 4583

AMOUNT

410 FOURTH & PIKE BUILDING

AMOUNT

PAY TO THE ORDER OF

SEATTLE, WASH.

1935

• PAY TO THE ORDER OF

Dr. H. A. M. express

第1000

EXACTLY FIFTY THOUSAND BOLLARS ONLY

DOLLARS
PEOPLES GAS & OIL CO.

Peoples Bank and Trust Co.
 MAIN OFFICE 16-19
 SEATTLE, WASHINGTON
 19-10

VIC-PRIDENT

IF INCORRECT PLEASE RETURN

WASH. CHECK PRINTING CO., SEATTLE

BICYCLES, TRUCKS,

W. W. W.

BY ENDORSEMENT THIS CHECK IS ACCEPTED
IN FULL PAYMENT OF THE FOLLOWING ACCT.

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IF INCORRECT PLEASE RETURN

Peoples Gas & Oil Co. No. 1
410 FOURTH & PIKE BUILDING PLAINFIELD

CO. No. 12-207559
PLAINTIFF EXHIBIT 12 APM
SEATTLE, WASH. Aug 31, 1931

PAY TO THE ORDER OF.

PAID TO THE ORDER OF
A. T. K. A. Co. Cal.

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• • • MAIN OFFICE 19-10
• • • Peoples Bank and Trust Co.
• • • SEATTLE, WASHINGTON

DOLLARS
PEOPLES GAS & OIL CO.

BY John J. Bennett VICE-PRESIDENT

BY _____ SECY.-TREAS.

*Keep
Newbury
Mass.*

RECEIVED
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C. 20535
JAN 10 1964
COMMUNICATIONS SECTION

NO. 5939

193 ✓

1946 JUL 27 1935

\$2640.50

PEOPLES GAS & OIL CO.

MAIN OFFICE 19-10

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SECY.-TREAS.

19-1 SEATTLE PRISON 10

75-13041-3



Peoples Gas & Oil Co.
410 FOURTH & PIKE BUILDING

PAY TO THE ORDER OF

SEATTLE, WASH.,

193 V

AUG 31 1995

\$5.78 / 28

DOLLARS
PEOPLES GAS & OIL CO.

MAIN OFFICE 19-10

Peoples Bank and Trust Co.
• SEATTLE, WASHINGTON

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VICE-PRESIDENT

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SECY.:TRES.

BY: FORSEMENT THIS CHECK IS ACCEPTED
IN FULL PAYMENT OF THE FOLLOWING ACCT.

AMOUNT

DATE _____

DATE *Dec 1942*

IF INCORRECT PLEASE RETURN

No 2903

FOURTH & PIKE BUILDING

THE ORDER OF

SEATTLE,

PAY TO THE ORDER OF

Luigi. Luigi.

over 60

DOLLARS

~~PEOPLES GAS & OIL CO.~~

FIRST NATIONAL BANK,
SEATTLE, WASHINGTON

PRESIDENT

BY

VICE-PRESIDENT

WASH. CHECK IMPRINTING CO., SEATTLE

Pay to the order of S. I. or Bank of
Los Angeles & Santa Fe

ENDORSEMENTS: JAPAN
ORDER OF PAY: Bank of
44241936 Seattle Clearing H.

Order of day, Bank of

Dr. H. C. O'Leary

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through the Los Angeles Clearing House.

APR 11 1936

19-16 Los Angeles Branch 16-1 APR 19 1936
FEDERAL RESERVE BANK OF SAN FRANCISCO

91 SEATTLE BRANCH 1911
FEDERAL RESERVE BANK OF SAN FRANCISCO

BY ENDORSEMENT THIS CHECK IS ACCEPTED
IN FULL PAYMENT OF THE FOLLOWING ACCOUNT.

DATE	AMOUNT	REMARKS
12/1	1000	1000
12/2	1000	1000
12/3	1000	1000
12/4	1000	1000
12/5	1000	1000
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12/7	1000	1000
12/8	1000	1000
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PEOPLES GAS & OIL Co.
FOURTH & PIKE BUILDING

SEATTLE, WASH.

No 4092

Mar 20 1936

11200/00

BY ENDORSEMENT THIS CHECK IS ACCEPTED
IN FULL PAYMENT OF THE FOLLOWING ACCT

DATE	AMOUNT
11/1/19	100.00
11/2/19	200.00
11/3/19	300.00
11/4/19	400.00
11/5/19	500.00
11/6/19	600.00
11/7/19	700.00
11/8/19	800.00
11/9/19	900.00
11/10/19	1000.00
11/11/19	1100.00
11/12/19	1200.00
11/13/19	1300.00
11/14/19	1400.00
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11/17/19	1700.00
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11/21/19	2100.00
11/22/19	2200.00
11/23/19	2300.00
11/24/19	2400.00
11/25/19	2500.00
11/26/19	2600.00
11/27/19	2700.00
11/28/19	2800.00
11/29/19	2900.00
11/30/19	3000.00

No. 15182
PLAINTIFF

OCT 23 1942

IF INCORRECT PLEASE RETURN

WASH CHECK IMPRINTING CO. SEATTLE

No.

PEOPLES GAS & ELECTRIC
FOURTH & PIKE BUILDING

OF
SEATTLE, WAS

Febr 26 1936

PAY TO THE ORDER OF

\$6,000⁰⁰

DOLLARS

SEABOARD BRANCH 19-25

FIRST NATIONAL BANK.
SEATTLE, WASHINGTON.

~~PECTOLAS GAS & OIL CO.~~

BY D. J. [Signature] PRESIDENT

BY _____, VICE-PRESIDENT

(Testimony of H. R. Munkres.)

According to the books and records the defendant Meyers transferred the leases of the 135,000 acres to the Development Company. He received the \$65,000 note from the Development Company for the leases. That note was payable out of surplus if any existed. Then the Development Company transferred the leases to the corporation and the corporation gave its \$65,000 note therefore. Expenses were paid by the Peoples Gas and Oil for the Development Company and charged against the Corporation's share of the income from the sale of leases. The corporation in turn charged these expenses against the note which it owed to the Development Company.

Cross Examination

By Mr. Simon:

I think the date of incorporation of all the three companies was April 4, 1934. The Peoples' Drillers was incorporated, I think, in April, 1936. It may have been June.

Mr. Simon: The nominal incorporators of the Peoples Gas & Oil Corporation were W. Markowitz, —That is Bill Markowitz—S. Markowitz—Samuel Markowitz—and B. Blank. That is right, is it not, counsel? [368]

Mr. Hile: Yes.

Mr. Simon: As shown by page 8, I may say, of Plaintiff's Exhibit 11, your Honor.

The incorporators of Peoples Drillers, Inc., were William A. Broome, H. H. Meyers and E. Carlson, as shown by Page 1 of Government's Exhibit 14.

(Testimony of H. R. Munkres.)

The Court: And that was some two years after the other?

Mr. Simon: Yes, two years and a couple of months.

Mr. Hile: June, 1936.

Mr. Simon: Incorporators of the Peoples Gas & Oil Development Company, Inc., were R. M. Zeitland, William Ross and William A. Broome; and the nominal incorporators, the incorporators named in the Articles of the Peoples Gas & Oil Company, they were J. F. Simons, A. Clayton and I. B. Toug.

The Witness: Toub; spelled wrong.

Mr. Simon: It is conceded it is a misspelling there and should be "Toub".

I was in charge of all the books and records of the companies prior to the early part of 1935, except for three months when I was ill and away. Mr. Emerson, the office manager was in charge during that period.

William Markowitz, I believe, had been here, but I did not meet him until about February, 1935. He returned to Seattle as I remember it in February, 1935. During that period Harry Meyers was at the offices at 410 Fourth and Pike very infrequently. He did not spend a great deal of time in the offices while I was connected with the company.

Mr. Whittle was engaged shortly after Mr. Markowitz returned. He was a Certified Public Accountant. I was told that he was employed to go over the records and prepare the [369] income tax.

(Testimony of H. R. Munkres.)

He did that. The fact was discussed that there was no reflection in the records of any value of the leases that were being sold. I already knew that, of course. The merger of the Peoples Gas and Oil Company and the Peoples Gas and Oil Corporation was made effective as of May 31, 1935. The formal filing, I believe, was June 19, 1935. From June 19, 1935 until the close of lease sales on April 15, 1936 there were only two corporations, the Peoples Gas and Oil Company and the Peoples Gas and Oil Development Company.

Mr. Simon: It is stipulated between us that the actual date of that increase was around the 10th of June, 1936.

Mr. Hile: The permit is dated June 26, on the conversion of the stock.

Mr. Simon: That is right. Then I may say to the Court, by way of explanation, that there was an error in the office of Secretary of State, as was indicated on Page 262 of the Minute Book, but the resolution for the increase of the Capital Stock was approved on February 19, 1936 by the Secretary of State, which authorized the increase of Capital Stock of the Peoples Gas & Oil Development Company from \$640 divided into 640 shares of the par value of one dollar each to 1,500,000 shares of stock of no par value; and the permit to which counsel has just referred, authorized the issuance of so much of that stock as might allow the transfer into stock of acreage at the rate of eight shares for each

(Testimony of H. R. Munkres.)

acre, making a total of 1,080,000 shares. Is that right?

A. Yes.

Mr. Hile: Leaving the balance in the treasury.

Mr. Simon: That is right, leaving the balance in the treasury. [370]

When the Peoples Gas and Oil Company and the corporations were merged, I believe, the number of shares was raised to 1280 or double the previous number. Still of \$1.00 par. It was proper accounting practice to set some value on the acreage. There should have been some record made of the cost. It would have been proper to ascribe a reasonable figure as the book value of the leases with emphasis upon the reasonable. I could not give even approximate figures of the income tax paid by the corporations. It seems as a rough approximate like the first year they paid \$56,000. I believe that was the year ending March 31, 1936.

I had nothing to do with the preparation of the returns for the individuals, Simons or Markowitz. I assisted Mr. Whittle in his office at one time. I cannot tell what income tax these men paid. Mr. Simons said he wanted to observe the expenditures of the Development Company because the defendant Meyers was out of town and had asked him to keep his eye on things. That was his explanation. There was no explanation of the purchase by Simons of the drilling equipment. They just went ahead and bought the stuff for the well on the Peoples Gas and Oil Company's account and paid for it with checks.

(Testimony of H. R. Munkres.)

At that time they were making the charges to the Development Company. The charges were put on the books of the Development Company. After the \$65,000 note was set up the payments were credited on the note. The charges reached the Development Company through the corporation. I testified that I never had any instructions from defendant Meyers about the manner of keeping any of the accounts. I never discussed with him any of these changes. I was instructed by Mr. Whittle to make them. [371]

Redirect Examination

By Mr. Hile:

The offices of all three companies were in the same building. The defendant Meyers was about the offices there. The records of all the companies were maintained in these offices, including those of the Peoples Drillers. I do not think that I saw defendant Meyers frequently at any period of time. I probably talked to him at length four or five times. At other times I just passed him. Sometimes I would see him come in and go out. At one time they had his name on the door of an office, but I do not believe I saw him there.

With respect to the \$65,000 note when it was set up on the books in 1935 I never received any voucher or any material showing that the cost was backed up by any cost. I only had Mr. Whittle's unsupported word. I asked Mr. Whittle several times what he was going to do about getting vouchers to support it. Prior to the \$65,000 note they were operating under the agreement between the Peoples

(Testimony of H. R. Munkres.)

Gas and Oil Company and the Development Company under which the Peoples Gas and Oil Company was to advance to the Development Company up to 62½% of the collection and brokerage on the sale of leases. That agreement was removed from the Minute Book at the time of the \$65,000 note was substituted.

Q. Now, after that change on the \$65,000 deal and the withdrawal from the Minutes of that 60-40 agreement with reference to the merger of the Corporations, it was no longer operating then on the books and records under that agreement which had been displaced? Is that correct?

A. No, you are referring to the 60-40 agreement. I was referring to the sixty-two and one-half [372] per cent agreement.

Q. Well, the sixty-two and one-half per cent of the Oil Company's 60%, wasn't it?

A. That is right, but they were separate agreements. The 60-40 was between the Peoples Gas & Oil Company and the Peoples Gas & Oil Corporation.

Q. And what was the other agreement?

A. The other agreement was between the Peoples Gas & Oil Company and the Peoples Gas & Oil Development Company, whereby the Peoples Gas & Oil Company was to use the funds collected by virtue of this 60-40 agreement to finance the Development Company up to sixty-two and one-half per cent of such proceeds.

(Testimony of H. R. Munkres.)

Prior to the \$65,000 note setup in the books in April or May, 1935 the source of the funds, as shown by the books, was from the leases and notes. There was no other source that I knew of.

Q. (By Mr. Hile): With reference to the stock certificates which you testified that you removed from the stock books of the Peoples Gas & Oil Company, the Peoples Gas & Oil Development Company and the Peoples Gas & Oil Corporation, which reflected that Dr. Meyers had 112 shares in each of those companies, was there any record ever set up in the books and records of either of these three companies showing that fact, other than the stock book, the records of which were removed?

A. No, the Capital Stock was just taken into the books of the Company in a lump sum.

Q. Was any stock record maintained until the setup in 1935 on the books of the Company?

A. No. [373]

Re-cross Examination

By Mr. Simon:

The amounts charged by the Peoples Gas and Oil Company against the Development Company were actually paid out. The charges were made directly to the Development Company on the books of the Peoples Gas and Oil Company. Afterwards they were credited on the \$65,000 note, but the entries went through the corporation and not directly to the Development Company.

(Testimony of H. R. Munkres.)

Re-redirect Examination

By Mr. Hile:

With respect to the entries made prior to the change of the stock records and the Minutes, the Peoples Gas and Oil Company paid the drilling and operating expenses of the Development Company, under the agreement and made the charges directly to the Developing Company. Subsequently, when the \$65,000 note was set up in April, 1935 they took all of these expenses and showed them as charges against the note, that is right.

Re-recross Examination

By Mr. Simon:

I already have testified that the payments by the Peoples Gas and Oil Company prior to the \$65,000 note was made on the basis of up to 62½% of the income of the Peoples Gas and Oil Company. It was changed to a flat \$65,000 as evidenced by this note. When the change was made they charged not only the bills incurred thereafter, but also those previously made against the note.

The books and records show that the source of approximately all of the funds over and above the \$65,000 was Dr. H. Meyers. There was a small item of about \$7000 at one time. That is not shown to have come from him. That I would say [374] was in July, 1936 before the Peoples Gas and Oil Company had converted its unsold leases for stock in the Development Company. That was an advance to the Development Company.

When I say Meyers was the source of the funds,

(Testimony of H. R. Munkres.)

that was according to the books and records, and at one time he handed me a check to deposit in the bank to the credit of the Development Company.

When I first started to work for the company I discussed with Mr. Simons the plan of financing the drilling. He told me that they had this money they had put up themselves to get things started and that they were going to sell leases and finance the drilling through the lease sales, advancing to the Development Company 62½% of the income they were to have under the sales agreement. The only information I had about superseding the original arrangement was from Mr. Whittle, when he took out the Minutes and substituted new ones. He did not tell me there had been any new agreement. The first time I heard that Dr. Meyers was to finance the drilling was when that Minute was prepared and put into the books, May 16, 1935.

Up to April, 1935 the total cost of the drilling had been \$38,000, which is reflected on the books of the Peoples Gas and Oil Company and the Peoples Gas and Oil Development Company.

Mr. Hile: There is one thing I would like to do at this time. I think, after discussion, we should offer, either in whole or in part, these books which have been testified by the witness. That is 111 A, B, C, D, E; 112 A, B, C, D; 113 A; 129 A. This is a complicated [375] matter and I think these books should be available for argument and for the jury, should they care to inspect them. I have no objection to one sheet being put in on these, rather

(Testimony of H. R. Munkres.)

than the entire book, when it is submitted for argument, and the appropriate notation made in the book, showing what it was taken from and what its relation to the books is; but I do not think the way the record now stands, with nothing tangible in the record, it is at all satisfactory from the Jury's standpoint.

The Court: Any objection.

Mr. Simon: I thought I had made a stipulation which was calculated to keep down the size of this record. I do not recall offhand what these particular things are.

The Court: I understand there were only certain pages of these documents.

Mr. Hile: Yes. Those that were identified, 111 A to E, 112 A to D, 113 A, 121 A and 129 A.

Mr. Simon: Well, 111 is records of the Peoples Gas & Oil Corporation.

Mr. Hile: Yes.

Mr. Simon: If they are to go in evidence, I think they should go in evidence as a whole, and I object to them upon the ground heretofore stated, in connection with the stipulation under which the witness has been allowed to testify with reference thereto, namely that they are immaterial and incompetent and hearsay.

I am not raising any question about their identification. I can see, your Honor, that they are the records of the Peoples Gas & Oil Corporation, and the Stock journal, Stock Ledger and General Journal and General Ledger, which they purport to be.

(Testimony of H. R. Munkres.)

The Court: To the Court it appears unnecessary to submit the whole record unless there is something else in the records that bear upon the particular pages involved, it merely makes a cumbersome document and difficult to handle.

Mr. Simon: May it please the Court, what I have in mind: on the accounting of this I really don't know as much as I should and I would like to have the books kept together because——

Mr. Hile: My proposal was that they be taken out of the books when the case was submitted to the jury, and I will leave them in tact for his examination any account he may wish, and that they then be taken out of the books.

The Court: The court will admit all of the books in whole at this time with the understanding that sometime up to the conclusion of the case, we will further consider the matter of taking out the pages.

Mr. Hile: Very well, your Honor.

Mr. Simon: Subject to my same objection, your Honor.

The Court: Yes. Now, do you have another witness?

Mr. Hile: I have another witness but I don't know how short he is.

Books admitted in evidence and marked Plaintiff's Exhibits 111 A to E, 112 A to D, 113 A, 121 A and 129 A. [377]

JAMES E. THOMAS:

a witness called on behalf of the Plaintiff, after having been first duly sworn, testified as follows:

Direct Examination

By Mr. Hile:

I am assistant accountant of the Farmer & Merchants National Bank, Fourth & Main Street, Los Angeles.

The bank's A.B.A. number is 16-1. I am custodian of the books and records of the bank. Government's exhibit 177, except the photostat attached, is the original record of my bank.

Government's 178 is also an original record, except the photostat. The same applies to 179, 180 and 181. These were all kept in the ordinary and usual course of business of the bank and remained as permanent records.

Exhibits for identification, 177, 178, 179, 180 and 181, records of the banking account of Lou Roth, upon being offered in evidence, the following objection was made.

Mr. Simon: I have no objection to the substitution of the photostats. I object to these in evidence upon the ground that they are incompetent. They, as I understand it, have to do with the banking accounts of Lew Roth who had heretofore been a defendant in this case and has been acquitted, and whose activity, as a consequence, has become established for the purpose of this case to have been legal and proper, and as to that extent I object to their admission in evidence as incompetent.

(Testimony of James E. Thomas.)

Mr. Hile: Also a stockholder. [378]

The Court: Of course standing alone, they would not be competent, if they are not connected up in some manner or other with the case.

Mr. Hile: They will be connected. He is a stockholder in the company and received dividends from the Peoples Gas & Oil Company.

The Court: The objection will be overruled and they will be admitted in evidence, and exception allowed.

Records of Farmers & Merchants Nat'l Bank previously identified as Government's Exhibits 177, 178, 179, 180, 181, admitted in evidence and marked with corresponding numbers.

No. 15187
 PLATINUM ~~181~~
 ADMIN ~~181~~

Louis Roth
Payable to
 PAY TO THE ORDER OF
 THE SEABOARD NATIONAL BANK
 OF LOS ANGELES 1570
 FOR DEPOSIT ONLY
 The Atkins Corporation

1934
 MAR 27
 P. 1
 419

MAR 27 1934

MAR 26 1934

No. 392271

San Diego, California
The Farmers and Merchants National Bank
 OF LOS ANGELES

Pay to the order of *Louis Roth*

\$10,000.00

FARMERS AND MERCHANTS NATIONAL BANK OF LOS ANGELES

(Testimony of James E. Thomas.)

The Court: I admitted them upon his statement that he was a stockholder in this corporation. he documents referred to by the witness may be withdrawn and photostatic copies substituted.

Exhibit 181 is reflected on 178 (bank statement—Roth). It shows withdrawal of \$10,000 from the savings bank account purchasing a cashier's check reflected on 181. 181 is what we term the purchasing order for the cashier's check and 179 represents withdrawal from the savings account and debit to the account.

Mr. Hile: I would like to refer briefly to them, your Honor.

The Court: Very well.

Mr. Hile: Government's Exhibit 177 is the signature card, Louis Roth, on the Farmers & Merchants National Bank of Los Angeles.

Exhibit 178 is the account. [379]

The Witness: Ledger card.

Mr. Hile: Ledger Account, deposits and withdrawals.

A. That is correct.

Mr. Hile: Of Louis Roth, and reference thereon is under the date of March 26, 1934, his withdrawal of \$10,000. That is the item to which you referred.

A. That is correct, yes.

Mr. Hile: And 179 is received in person from the Farmers & Merchants National Bank, \$10,000 "to be charged to my account, Louis Roth." for the Cashier's Check and 181 is the Cashier's Check of Louis Roth, for \$10,000 by the bank, Farmers &

(Testimony of James E. Thomas.)

Merchants. On the back: "Louis Roth, payable to Atkins Corporation" and then the stamp endorsement of the Atkins Corporation. And 180 is the order of Louis Roth for the \$10,000 check.

I have no more question. You may examine.

Cross Examination

By Mr. Simon:

I do not know defendant H. Harry Meyers. I do recall that in 1930 or 1931 he purchased a Certificate of Deposit for \$25,000 from me. It was *chased* in October, 1934. [380]